



COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

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Commissioners

Carlos Jackson

Executive Director

July 1, 2003

Honorable Board of Commissioners
Community Development Commission
The County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**DEVELOPMENT GRANT AGREEMENT WITH LOS ANGELES COUNTY HOUSING
DEVELOPMENT CORPORATION AND LEASE WITH UNITED FRIENDS OF
CHILDREN FOR TRANSITIONAL HOUSING IN UNINCORPORATED ATHENS (2)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the rehabilitation of a Community Development Commission-owned two-story duplex, located at 10631 Haas Avenue in the Athens community of unincorporated Los Angeles County, is excluded from the National Environmental Policy Act (NEPA) and exempt from the California Environmental Quality Act (CEQA), as described herein, because the proposed work will not have the potential for causing a significant effect on the environment.
2. Approve a Development Grant Agreement, submitted in substantially final form, between the Commission and the Los Angeles County Housing Development Corporation, a non-profit public benefit corporation (the Developer), to rehabilitate the Haas Apartments, consisting of two units of transitional housing for very low-income emancipated foster youth, at the property described above.
3. Authorize the Commission to provide to the Developer a grant of up to \$296,064, as set forth in the Development Grant Agreement, using HOME Investment Partnerships Program (HOME) funds incorporated into the Commission's

Fiscal Year 2003-2004 approved budget, for the purposes described above, to be effective following approval as to form by County Counsel and execution by all parties.

4. Authorize the Executive Director to enter into a 55-year Lease, in the amount of \$1.00 per year, being submitted in substantially final form, with United Friends of the Children (UFC), the non-profit public benefit corporation that will operate the facility.
5. Authorize the Executive Director to execute the Development Grant Agreement and the Lease, to be effective following approval as to form by County Counsel and execution by all parties.

PURPOSE OF RECOMMENDED ACTION/JUSTIFICATION:

The purpose of this action is to approve a Development Grant Agreement and a Lease to rehabilitate and operate two units of transitional housing for emancipated foster youth in the Athens community of unincorporated Los Angeles County.

FISCAL IMPACT/ FINANCING:

There is no impact on the County general fund.

The attached Development Grant Agreement will provide up to \$296,064 in HOME funds for construction costs. The attached Lease will be for \$1.00 per year for a term of 55 years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In 1998 the Commission purchased the subject property with \$161,273 in Community Development Block Grant (CDBG) funds allocated to the Second Supervisorial District, with the intent of developing low-income, multifamily housing. The Commission now wishes to enter into a Development Grant Agreement with the Developer to rehabilitate two housing units on the property as transitional housing for emancipated foster youth.

The project will consist of the rehabilitation of an unoccupied two-story duplex comprised of two, two-bedroom units. Lead and asbestos abatement measures will also be performed, as referenced under Environmental Documentation below.

The units will be reserved for very low-income emancipated foster youth, defined as individuals with incomes at or below 50 percent of area median income for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). The affordability period will run for 55 years from the date of initial occupancy.

Upon completion of construction, UFC will assume occupancy, as Lessee, as well as responsibility for operating the site and providing program services through its transitional living program, Pathways to Independence. These services will include case management, mental health counselling for individuals and groups, independent living training, employment readiness training and socialization skills. Clients will be referred by the Los Angeles County Department of Children and Family Services (DCFS), as well as through group homes. The maximum stay at the property will be for two years.

Rental subsidies will be provided through DCFS and the Department of Probation's Independent Living Program, administered by the Los Angeles Homeless Services Authority.

The project is being federally funded, and is not subject to the requirements of the Greater Avenues for Independence (GAIN) Program implemented by the County of Los Angeles. Instead, the Developer must comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

The Development Grant Agreement and the Lease are being presented in substantially final form. They will be effective following approval as to form by County Counsel and execution by all parties.

ENVIRONMENTAL DOCUMENTATION:

The Developer must comply with all measures described in the attached Abatement Specifications. These measures will be incorporated into the Construction Contract to be entered into between the Developer and General Contractor. Pursuant to 24 Code of Federal Regulations, Part 58, Section 58.35(a)(3)(i), the project is excluded from the need to prepare an Environmental Impact Statement or an Environmental Assessment under the provisions of NEPA because it involves activities that will not alter existing environmental conditions. It is exempt from the provisions of CEQA pursuant to State CEQA Guideline 15301 because it involves negligible or no expansion of use beyond what currently exists and therefore does not have the potential for causing a significant effect on the environment.

The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's main office located at 2 Coral Circle, Monterey Park.

IMPACT ON CURRENT PROGRAM:

The proposed action will provide transitional housing and supportive services to very low-income emancipated foster youth in the unincorporated County.

Respectfully submitted,

CARLOS JACKSON
Executive Director
Attachments: 2

DEVELOPMENT GRANT AGREEMENT

Transaction Summary

Project Name: Haas Apartments

Developer Name: Los Angeles County Housing Development Corporation

// Limited Partnership // LLC /X/ Nonprofit Public Benefit Corporation // Other

Grant Amount: \$ 296,064.00 Total Number of Units in Project: 2 units

Location (Jurisdiction): Athens // Incorporated / X / Unincorporated

Project Type: /X/ rental // for sale /X/ special needs (specify Emancipated Foster Youth)

Use of Grant Funds: // Acquisition // Predevelopment /X/ Construction // Permanent

Affordability (# assisted units, income levels): two (2) two-bedroom assisted units, 50% of the Area Median Income (AMI)

The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Development Grant Agreement shall control.

DEVELOPMENT GRANT AGREEMENT

This Development Grant Agreement ("Agreement") is entered into as of the ____ day of _____, 2003, by and between the Community Development Commission of the County of Los Angeles, a public body, corporate and politic (the "Commission"), and Los Angeles County Housing Development Corporation, a California non-profit public benefit corporation (the "Developer"). The Commission and the Developer hereby covenant and agree as follows:

AGREEMENT

1.0 SUBJECT OF AGREEMENT.

1.1 Purpose of Agreement.

The purpose of this Agreement is to provide a Grant in an amount not to exceed **TWO HUNDRED NINETY SIX THOUSAND AND SIXTY-FOUR DOLLARS (\$296,064)**, subject to the terms and conditions of this Agreement. This Grant will be made from \$296,064 of available County of Los Angeles HOME Investment Partnerships Program (HOME) Funds for rehabilitation construction hard costs for the development of the Haas Apartments, a transitional housing program for Emancipated Foster Youth, ("the Project") at 10631 Haas Avenue in the Athens community of unincorporated Los Angeles County.

The Project is further described in Exhibit "D," Project Description, which is incorporated herein by this reference.

1.2 The Property.

The funds will be used by the Developer specifically for rehabilitation construction hard costs for an existing two-story wood frame duplex located at 10631 Haas Avenue in the Athens community of unincorporated Los Angeles County, CA, (the "Property"). The Project shall consist of the rehabilitation of two (2) two-bedroom units for the purpose of providing transitional housing for very low-income, emancipated foster youth, as defined in Exhibit D. Rehabilitation construction is estimated to be completed in September 2003.

The Property is described in Exhibit "B," Site Legal Description, and is incorporated herein by this reference.

1.3 The Parties to the Agreement.

1.3.1 The Commission

The Commission is the Owner of the Property and is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under Section 34100 et. seq. of the Health and Safety Code of California, and administers the HOME Funds for the unincorporated areas of the County of Los Angeles and participating cities. The principal office of the Commission is located at 2 Coral Circle, Monterey Park, California 91755-7425.

1.3.2 The Developer.

The Developer, Los Angeles County Housing Development Corporation, is a California non-profit public benefit corporation. The principal office of the Developer is located at 2 Coral Circle, Monterey Park, California 91755-7425.

1.3.3 Prohibition Against Change In Ownership, Management, and Control of Developer.

The qualifications and identity of the Developer are of particular concern to the Commission. It is because of those qualifications and identity that the Commission has entered into this Agreement with the Developer. Except as otherwise provided in this Section 1.3.3, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement without the prior written approval of the Commission, which approval shall not be unreasonably withheld or delayed.

The Developer shall not assign all or any part of this Agreement or any rights hereunder without the prior written approval of the Commission.

All of the terms, covenants, and conditions of this Agreement shall be binding upon and shall inure to the benefit of the Developer and the permitted successors and assignees of the Developer. Whenever the term "Developer" is used herein, such term shall include any other permitted successors and assignees as provided in this Section 1.3.3 of this Agreement.

2. DEVELOPMENT OF THE PROPERTY.

2.1 Scope of Work.

The Developer shall rehabilitate or cause to be rehabilitated the Property for two (2) units of housing for very low-income emancipated foster youth. The residential complex will have 1,690 square feet of residential area. The scope of work is outlined in the Project Description.

2.2 Commission Review of Development Plans and Construction Contract.

The Developer shall make available to the Commission for review and approval, concept plans, drawings, rehabilitation construction contract, and plans and drawings for the rehabilitation construction of the Property. If any substantial changes are to be made to such documents or drawings, the Commission shall have the right to review and approve the changes. The Commission's primary concerns in such review of plans and drawings are (1) conformity with the development standards and conditions in this

Agreement; (2) external aesthetics; and (3) the general functioning of the internal space. The Commission further reserves the right to review the plans and drawings to ensure that the materials and specifications are consistent with commonly accepted construction practices. The Commission shall incur no liability of any kind and the Developer will not be relieved of any obligations by reason of the Commission granting any approvals of plans and drawings, including obtaining the approvals of the appropriate regulating agencies.

The Developer shall make available such documents and drawings denoting changes to the appropriate authorized representatives of the Commission for review and the Commission shall approve or disapprove the changes within thirty (30) days. If the Commission fails to notify the Developer in writing of its approval or disapproval of the plans within thirty (30) days, the Commission shall be deemed to have approved the changes.

2.3 Cost of Rehabilitation.

All costs of rehabilitating improvements on the Property shall be borne by the Developer.

2.4 Work Schedule.

Developer shall complete the rehabilitation of the Property within the times specified in the rehabilitation construction contract, or such reasonable extensions of said dates as may be granted by the Commission. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Commission.

3. COVENANTS OF BORROWER.

As additional consideration for the making of the Grant by the Commission, Developer covenants as follows:

3.1 Compliance with Laws.

Developer shall comply with all applicable Governmental Restrictions. As used herein, "Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically, but without limitation, all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act, the laws specified in Article 20 below, fair housing laws, State prevailing wage laws (e.g. Cal. Labor Code 1720 et seq., and the federal Davis-Bacon Act (40 U.S.C. 276a)), and any other applicable federal, state and local laws. Developer shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to

Developer's failure to comply with any applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid, failure to maintain wage records, failure to post prevailing wage schedules, or other acts or omissions, regardless of whether they are the responsibility of the contractor or the party awarding the contract. Developer is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

3.2 Revenue Disclosures.

Developer shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours written request, at any reasonable time throughout the rehabilitation construction of the Project, at Developer's offices, or, if requested by Commission, at another location within Los Angeles County, all of the books and records relating to the rehabilitation construction of the Project and this Agreement. All such books and records shall be submitted to the Commission upon the completion of rehabilitation construction. In the event any litigation, claim or audit is started before the completion of rehabilitation construction, said books and records shall be retained until all litigation, claims, or audit findings relating to said books and records shall have been resolved.

3.3 Other Reports.

Upon seventy-two (72) hours' written notice, at any reasonable time during rehabilitation construction, Developer shall prepare and make available to Commission all additional reports and any financial, program progress, monitoring, evaluation or other reports (collectively "Reports"), reasonably required by Commission or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to Commission within such 72-hour period, then within a reasonable time thereafter. Developer shall ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of Commission representatives, may be relevant to a question of compliance with this Agreement or the Deed of Trust. Developer shall retain all books, records and data relating to the Project for a period of at least (5) years. In the event any litigation, claims or audit are started during rehabilitation construction, said books and records shall be retained until all litigation, claims or audit findings relating to said books and records have been resolved.

3.4 Indemnification.

From and after the date hereof, Developer shall indemnify, defend and save harmless Commission and its members, Commissioners, agents, officers and employees from and against any and all claims, liability, demands, causes of action, losses and expense, including reasonable defense costs and legal fees of counsel acceptable to Commission (collectively, "Claims"), including, but not limited to Claims for bodily injury, death, property damage, workers' compensation, or in connection with services performed on behalf of Developer by any person pursuant to this Agreement, and which Claims result directly or indirectly from Commission's entering into this Agreement and/or making the Grant to Developer; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of

Commission. This indemnification shall survive and remain in effect following the expiration of this Agreement.

3.5 Termination for Cause.

This Agreement may be terminated by the Commission upon written notice to the Developer for just cause (failure to perform satisfactorily) with no penalties incurred by the Commission upon termination or upon the occurrence of any of the following events in A, B, C or D:

- A. Should the Developer fail to perform all or any portion of the work required to be performed hereunder in a timely and good workmanlike manner or properly carry out the provisions of this Agreement in their true intent and meaning, then in such case, notice thereof in writing will be served upon the Developer, and should the Developer neglect or refuse to provide a means for satisfactory compliance with this Agreement and with the direction of the Commission within the time specified in such notice, the Commission shall have the power to suspend or terminate the operations of the Developer in whole or in part.
- B. Should the Developer fail within five (5) days to perform in a satisfactory manner, in accordance with the provisions of this Agreement, or if the work to be done under this Agreement is abandoned for more than three days by the Developer, then notice of deficiency thereof in writing will be served upon Developer by the Commission. Should the Developer fail to comply with the terms of this Agreement within five (5) days, upon receipt of said written notice of deficiency, the Executive Director of Commission shall have the power to suspend or terminate the operations of the Developer in whole or in part.
- C. In the event that a petition of bankruptcy shall be filed by or against the Developer.
- D. If, through any cause, the Developer shall fail to fulfill, in a timely and proper manner, the obligations under this Agreement, or if the Developer shall violate any of the covenants, agreements, or stipulations of this Agreement, the Commission shall thereupon have the right to terminate this Agreement by giving written notice to the Contractor of such termination and specifying the effective date thereof, at least five days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Contractor under this Agreement shall, at the option of the Commission become its property and the Developer shall be entitled to receive just and equitable compensation for any work satisfactorily completed.

3.6 Audit by County and Federal Agencies.

Developer agrees that in the event this Agreement or the Grant is subjected to audit, monitoring or other inspections by appropriate county and federal agencies, it shall be responsible for complying with such audit, monitoring or inspections and paying, on behalf of itself and Commission, the full amount of the liability to the audit, monitoring or inspecting agency resulting from such audit, monitoring or inspections, unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Commission.

3.7 Program Evaluation and Review.

Upon seventy-two (72) hours' notice, Developer shall allow Commission-authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Developer's staff, tenants, and other program participants, as reasonably required by Commission during the period of rehabilitation construction.

3.8 Hazardous Materials.

Developer represents, warrants and covenants that it has not and shall not (i) deposit "Hazardous Materials" (as defined below) in, on or upon the Property, or (ii) permit the deposit of Hazardous Materials in, on or upon the Property or the Project. Developer further covenants and agrees to remove or remediate, at its expense, any Hazardous Materials located in, on or upon the Property or the Project as of the date hereof or which are deposited in, on or upon the Property or the Project from and after the date hereof and during Developer's ownership of the Property or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of the applicable environmental laws. The foregoing shall not be construed or understood to prohibit Developer from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary and common to the normal course of business in the rehabilitation construction or operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all applicable governmental restrictions. Developer agrees to indemnify, defend and hold Commission and its members, directors, agents, officers and employees harmless from and against any claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Property or the Project, deposited (or claimed to have been deposited) by or on behalf of Developer in, on or upon the Property or the Project from and after the date Developer acquired the Property and during Developer's ownership of the Property or the Project, including without limitation any claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Developer's failure to remove or remediate all such Hazardous Materials in, on or upon the Property and the Project, as required above. Developer hereby releases, waives and discharges Commission and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Developer's rehabilitation construction of the Project, or any condition of environmental contamination caused by Developer in, on, under, upon or around the Property, or the existence of Hazardous Materials in any state in, on, under, upon or around the

Property, introduced by Developer onto the Property, and in connection with such release and waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 9601 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 5101 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

In the event that archeological resources are exposed during project rehabilitation construction, all earth disturbing work within the subject property must be temporarily suspended or redirected until a professional archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume.

If human remains are unearthed, California State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to the origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

3.9 Insurance.

Without limiting Developer's indemnification of Commission provided above, Developer shall procure and maintain at its own expense during the rehabilitation construction period

the insurance described below. Such insurance shall be secured from carriers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Developer shall, concurrent with the execution of this Agreement deliver to Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Developer shall deliver the certificates of insurance evidencing issuance of "all risk" property insurance described in paragraph (b) below and workers' compensation insurance described in paragraph (c) below at such time that such exposures are at risk, but in no event, no later than the date of execution of this Agreement. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to Commission and may provide for such deductibles as may be acceptable to Commission. In the event such insurance does provide for deductibles or self-insurance, Developer agrees that it will protect Commission, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that Commission is to be given at least thirty (30) days written notice in advance of any modification or cancellation of any policy of insurance. Commission and its representatives shall be named as additional insureds on any policies of insurance.

(a) Liability

Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (\$2,000,000 General Aggregate), including products and completed operations coverage. Commission and its agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Developer, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to Commission. Developer shall require Developer's contractors to include Commission and Commission's agents, officials and employees as additional insureds on all general liability insurance covering work at the Property. If required by Commission from time to time, Developer shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of Commission.

(b) Property Insurance

"All Risk" ISO Special Form property insurance. Coverage shall include protection for flood if this protection is available from responsible carriers at reasonable cost. Commission shall be the loss payee under the aforementioned policy(ies) under a standard lender's loss payable endorsement. The amount of the property coverage shall at all times exceed the full replacement value of all improvements and fixtures on the Property and the insurer shall waive any coinsurance via an "agreement" endorsement.

(c) Workers' Compensation

Developer's employees shall be covered by Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.

(d) Automobile Liability

Combined single limit automobile liability insurance of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, non-owned and hired vehicles.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of Commission.

Failure on the part of Developer to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement pursuant to which Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion and without waiving such default or limiting the rights or remedies of Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Commission shall be repaid by the Developer to Commission upon demand.

4.0 INTENTIONALLY OMITTED

5.0 DEVELOPER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

5.1 Form of Nondiscrimination and Nonsegregation Clauses.

Developer shall refrain from restricting the rental, sale or lease of the Property or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons

claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

6.0 DEVELOPER'S REHABILITATION COVENANTS.

Developer shall commence and complete rehabilitation of the Project as follows:

6.1 Commencement and Completion.

Developer shall diligently prosecute rehabilitation of the Project to "Completion of the Project," substantially in accordance with the Plans and this Agreement, no later than 120 days after the commencement of rehabilitation construction (subject to force majeure delays beyond Developer's reasonable control). Completion of the Project shall be deemed to have occurred when Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to Commission's review and approval:

(a) A signed certificate from the general contractor, in a form reasonably acceptable to Commission, certifying to Commission that rehabilitation construction was completed substantially in accordance with the requirements of the Plans and this Agreement, and all other related on-property and off-property improvements have been completed.

(b) A certificate of occupancy (the "Certificate of Occupancy") and any other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies.

(c) Certificates of insurance issued by Developer's insurance agent evidencing compliance with all insurance requirements set forth in this Agreement.

(d) (Either (A) Unconditional Waivers and Releases Upon Final Payment in statutory form, showing no amounts in dispute, from the Contractor all subcontractors, and all other persons or entities providing services or furnishing material in connection with the Project and/or (B) to the extent the Unconditional Waivers and Releases Upon Final Payment are not received from any applicable party in accordance with subparagraph (A) hereinabove, (i) expiration of a sixty (60) day period after filing of a notice of completion for the Project without filing any lien by Contractor, and (ii) expiration of a thirty (30) day period after filing of a notice of completion for the Project without the filing of any lien by subcontractors or any other persons or entities providing services or furnishing materials in connection with the Project.

6.2 Rehabilitation.

Developer shall cause the rehabilitation of the Project to be done in a good and professional manner substantially according to this Agreement. In the rehabilitation of

the Project, Developer shall comply in all material respects with all applicable laws and regulations. If necessary, the Plans shall be modified to comply in all material respects with all applicable laws and regulations.

Commission shall have inspected the completed Project and verified to its reasonable satisfaction that the completed Project conforms to the internal and external architecture and design represented in Developer's approved application to Commission for the funds.

7.0 INDEPENDENT CONTRACTOR.

In their performance of this Agreement, all parties hereto will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability. Developer shall bear the sole responsibility and liability for furnishing or causing its general contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Developer pursuant to this Agreement.

8.0 ASSIGNMENT OF THIS AGREEMENT.

This Agreement shall be assignable by Developer only if Developer obtains the prior express written consent of Commission, which consent may be withheld by Commission in its sole discretion. Notwithstanding anything to the contrary in this Agreement, no purported assignment of this Agreement and the Grant shall be effective if such assignment would violate the terms, conditions and restrictions of any applicable Governmental Restrictions. Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by Commission including, without limitation, any and all documents deemed necessary by Commission to provide for said assignee's assumption of all of the obligations of Developer hereunder and under the Grant Agreement, and (ii) Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's qualifications and expense to perform all of Developer's obligations under this Agreement.

Except in connection with a Permitted Transfer (as defined in Section 24.1 below), any attempt by Developer to assign any performance or benefit under the terms of this Agreement, without the prior written consent of Commission as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Developer's interest in the Property, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written

consent of Commission, Commission may, at its option, by written notice to Developer, declare Developer in default under this Agreement and terminate this Agreement pursuant to Section 3.5, or seek other remedies as provided by law.

9.0 GRANT OF FUNDS.

9.1 Grant Structure.

The Commission will support the Developer's rehabilitation of the Property by granting the Developer an aggregate amount of not more than **TWO HUNDRED NINETY-SIX THOUSAND AND SIXTY-FOUR DOLLARS (\$296,064)** (the "Grant") from available HOME Funds for rehabilitation construction costs. The Grant will be made in progress payments to the Developer throughout the rehabilitation construction upon review of rehabilitation construction invoices and pending the Developer's compliance with the following conditions: Providing documentation evidencing rehabilitation construction costs are satisfactory to the Commission.

9.2 Repayment.

There shall be no repayment of the Grant as long as (1) the Property and rehabilitation of improvements are completed within six (6) months, or as extended by the Executive Director or his designee, and (2) Developer has complied with all the terms and conditions of this Agreement.

10.0 GRANT REPAYMENT FOR DEFAULT.

The Commission may request immediate repayment of the Grant, if Default occurs, as set forth in Section 11.2 herein.

11.0 EVENTS OF DEFAULT AND REMEDIES.

11.1 Developer Events of Default.

The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Developer hereunder ("Event of Default"):

(a) The failure of Developer to pay or perform any monetary covenant or obligation hereunder, without curing such failure within ten (10) days after the date such payment is due;

(b) The failure of Developer to perform any non-monetary covenant or obligation under the terms of this Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from any party authorized by Commission to deliver such notice as identified by

Commission in writing to Developer) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Developer commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter, but in any event such cure shall be completed in 90 days. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 11.1(c) through 11.1 (f) below;

(c) The material falsity of any representation or breach of any warranty or covenant made by Developer under the terms of this Agreement;

(d) Developer or any constituent member or partner, or majority shareholder, of Developer shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (ii) fail to pay or admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated bankrupt or insolvent or (v) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or (vi) file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If without the application, approval or consent of Developer, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Developer or any constituent member or partner, or majority shareholder, of Developer, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Developer or of all or any substantial part of Developer's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Developer, in good faith, the same shall (i) result in the entry of an order for relief or any such adjudication or appointment, or (ii) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days; or

(f) Developer shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 8 above or Section 24 below, unless consented to in writing by Commission.

11.2 Commission Remedies.

Upon the occurrence of an Event of Default hereunder, Commission may, in its sole discretion, take any one or more of the following actions:

(a) By notice to Developer, except in the case of a default by Developer under Section 11.1(c) through Section 11.1(f) in which event no notice shall be required, declare the entire amount of the Grant immediately due and payable;

(b) Take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to collect the amounts then due and thereafter to become due hereunder and under this Agreement, and to enforce performance and observance of any obligation, agreement or covenant of the Developer under this Agreement or under any other document executed in connection herewith;

(c) Upon the occurrence of an Event of Default described in Section 11.1(d) or 11.1(e) hereof, Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount of the Grant to be repaid and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

11.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by Commission. In order to entitle Commission to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

11.4 Commission Default and Developer Remedies.

Upon default or failure of Commission to meet any of its obligations under this Agreement without curing such default or failure within thirty (30) days after receipt of written notice of such default or failure from Developer specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Developer may, as its sole and exclusive remedies:

(a) Demand and obtain payment from Commission of any sums due to or for the benefit of Developer under the Grant pursuant to the express terms of this Agreement;

(b) Bring an action in equitable relief seeking the specific performance by Commission of the terms and conditions of this Agreement or seeking to enjoin any act by Commission which is prohibited hereunder; or

(c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Notwithstanding the foregoing, Developer shall in no event be entitled to, and hereby waives any right to seek consequential damages of any kind or nature from Commission, arising out of or in connection with this Agreement, and in connection with such waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

12.0 RIGHT OF ACCESS AND INSPECTION.

Commission shall have the right at any time during normal business hours and from time to time to enter upon the Property for purposes of inspection. If Commission in its reasonable discretion determines that any work or materials are not in conformity with this Agreement or any applicable Governmental Restrictions, Commission may at its election, after notice to and consultation with the Developer and affording the Developer thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a 30-day period, it shall be deemed cured if Developer commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter but in any event such cure shall be completed within 90 days) and the Developer fails to cure the matter, stop the work and order replacement or correction of any such work or materials regardless of whether or not such work or materials have theretofore been used in the rehabilitation construction of any portion of the Project. Inspection by Commission of the Project or the Property or any rehabilitation construction thereof is for the sole purpose of protecting Commission and is not to be construed as an acknowledgment, acceptance or representation by Commission or the County of Los Angeles that there has been compliance with any Plans approved pursuant to this Agreement, or any terms or provisions of this Agreement, or that the Project or the Property or any of the rehabilitation construction thereof is or will be free of faulty materials or workmanship.

13.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY.

No official or employee of Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of Commission participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or

employee is directly or indirectly interested. No official or employee of Commission shall be personally liable in the event of a breach of this Agreement by Commission.

14.0 AMENDMENTS, CHANGES AND MODIFICATIONS.

This Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the parties hereto.

15.0 EXECUTION OF COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

16.0 NOTICES.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

If to Commission: Community Development Commission of the
County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8576

With a copy to: Community Development Commission of the
County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Developer: Housing Development Corporation
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Richard Wirth, Executive Director
Fax No. (323) 890-8576

Notices shall be effective upon written confirmation of receipt, or upon receipt if faxed (except that if fax is received after 5 P.M., notice shall be deemed received on the next business day); otherwise notices shall be effective on the earlier of: (i) receipt, if given by personal delivery, (ii) three (3) business days after deposit with United States Mail,

(iii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail, or (iv) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

17.0 SEVERABILITY.

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

18.0 INTERPRETATION.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Developer. This Agreement shall be interpreted in accordance with the fair meaning and interpretation of the language contained in this Agreement. Attached hereto for the convenience of the Parties as Exhibit "A" is a directory indicating the location of definitions for certain defined terms used in this Agreement. In the event of any conflict between the body of this Agreement and Exhibit "A," the body of this Agreement shall prevail and supersede.

19.0 NO WAIVER; CONSENTS.

Any waiver by Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by Commission to take action on account of any default of Developer. Consent by Commission to any act or omission by Developer will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Commission's consent to be obtained in any future or other instance.

20.0 GOVERNING LAW.

This Agreement shall be governed by the laws of the State of California.

21.0 REPRESENTATIONS AND WARRANTIES OF DEVELOPER.

Developer hereby warrants and represents to Commission that:

21.1 Organization and Standing.

Developer is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California and validly existing and in good standing in the State of California and has all requisite power and commission to enter into and perform its obligations under this Agreement and all other documents executed in connection herewith.

21.2 Enforceability.

This Agreement and all other instruments to be executed by Developer in connection with the Grant constitute the legal, valid and binding obligation of Developer, without joinder of any other party.

21.3 Commission and Consents.

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith are consistent with the operating agreement, partnership agreement, or articles and bylaws governing Developer, and have been duly authorized by all necessary actions of Developer's members, partners, directors, officers and shareholders.

21.4 Due and Valid Execution.

This Agreement and all other instruments to be executed in connection herewith will be duly and validly executed by Developer and Commission.

21.5 Licenses.

Developer will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

21.6 Litigation and Compliance.

To Developer's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Developer (other than those as have been previously disclosed in writing to Commission) which could materially impair its ability to perform its obligations under this Agreement, nor is Developer in violation of any laws or ordinances which could materially impair Developer's ability to perform its obligations under this Agreement.

21.7 Default.

To Developer's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 11.

21.8 No Violations.

The execution and delivery of this Agreement, and all other documents executed or given hereunder, and the performances thereunder by Developer, as applicable, will not constitute a breach of or default under any instrument or agreement to which Developer

may be a party nor, to Developer's current actual knowledge, will the same constitute a breach of or violate any law or governmental regulation.

22.0 APPROVALS.

Except with respect to those matters set forth hereinabove providing for Commission's approval, consent or determination to be at Commission's "sole discretion" or "sole and absolute discretion," Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by Commission hereunder. Commission agrees to give Developer written notice of its approval or disapproval following submission of items to Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by Commission or any Commission official or employee under this Agreement shall be solely for the benefit of Commission, and neither Developer nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Developer, and not Commission, shall be solely responsible for assuring compliance with laws, the adequacy of the plans, and the safety of the Project rehabilitation site, and the completed Project.

Commission's Executive Director is authorized to grant or deny any consent, election or approval pursuant to this Agreement without the need for action by Commission's Board of Commissioners, unless Commission's Executive Director elects by his sole discretion to present the matter to the Commission's Board.

23.0 GOOD FAITH AND FAIR DEALING.

Commission and Developer agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

24.0 ASSIGNMENT OF INTEREST IN THE PROPERTY OR THE PROJECT.

24.1 Approval by Commission

Without the prior written approval of Commission, which approval Commission may withhold in its sole and absolute discretion, Developer shall not (i) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (ii) Transfer any of its rights or obligations under this Agreement. Developer hereby agrees that any purported Transfer not approved by Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Developer under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

24.2 Transfer Notice

At any time Developer desires to effect a Transfer hereunder, Developer shall notify Commission in writing (the "Transfer Notice") and shall submit to Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Developer and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 24 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Developer's obligations under this Agreement. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on Developer's request for consent to such Transfer as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 24. In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Developer to Commission. Upon the effectiveness of any such Transfer, Developer shall be released from its obligations under this Agreement.

24.3 Event of Default

Notwithstanding anything in this Agreement to the contrary, Developer agrees that it shall not be permitted to make any Transfer, whether or not Commission consent is required therefore and even if Commission has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to Commission or at any time thereafter until such Transfer is to be effective.

24.4 Successive Transfers

The provisions of this Section 24 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Developer under the terms set forth herein.

25.0 COMMISSION MANDATED PROVISIONS.

The Developer shall comply with all of the Commission Requirements as set forth in Exhibit "C."

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

COMMISSION:

COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY OF
LOS ANGELES

DEVELOPER:

LOS ANGELES COUNTY HOUSING
DEVELOPMENT CORPORATION
a California Nonprofit Public Benefit
Corporation

By: _____
Carlos Jackson, Executive
Director

By: _____
Richard Wirth, Executive Director

APPROVED AS TO FORM:

Lloyd W. Pellman, County Counsel

By: _____
Deputy

TABLE OF EXHIBITS

EXHIBIT "A" DIRECTORY OF DEFINED TERMS

EXHIBIT "B" SITE LEGAL DESCRIPTION

EXHIBIT "C" COMMISSION REQUIREMENTS

EXHIBIT "D" PROJECT DESCRIPTION

EXHIBIT "E" SAFELY SURRENDERED BABY LAW

EXHIBIT "A"

DIRECTORY OF DEFINED TERMS

Each of the following terms is defined in the section of the Grant Agreement referenced in parentheses.

Agreement (Preamble)
Applicable Governmental Restrictions (Section 3.1)
Assignment (Section 8.0)
Certificate of Occupancy (Section 6.1(b))
Claims (Section 3.4)
Commission (Preamble)
Completion of the Project (Section 6.1)
County (Preamble)
Event of Default (Section 11.1 (a-f))
Grant (Section 1.1)
Grant Agreement (Preamble)
Hazardous Materials (Section 3.8)
Independent Contractor (Section 7.0)
Parties (Section 1.3)
Plans (Section 2.1)
Project (Section 1.1)
Property (Section 1.2)
Transfer (Section 24.1)
Transfer Documents (Section 24.2)
Transfer Notice (Section 24.2)

EXHIBIT "B"

LEGAL DESCRIPTION

THE LAND REFERRED TO IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, AND IS DESCRIBED AS FOLLOWS:

10631 Haas Avenue
Los Angeles, CA 90047-4337
APN 6058-016-021

LOT 19 OF TRACT NO. 13235, THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 296, PAGE(S) 43 TO 49 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL CRUDE OIL, PETROLEUM, GAS BREAS, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND BUT WITHOUT THE RIGHT OF SURFACE ENTRY THEREON AS PREVIOUSLY RESERVED BY JOHN G. FASO AND ARMINTA C. FASO, HIS WIFE IN DEED RECORDED SEPTEMBER 8, 1959 IN BOOK D-595 PAGE 383, OFFICIAL RECORDS.

EXHIBIT C

COMMISSION REQUIREMENTS

The Developer agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Developer, immediately terminate the right of the Developer to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Developer, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Developer's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Developer as it could pursue in the event of default by the Developer.

The Developer shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Developer shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Developer's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Developer's compliance with all contract terms and performance standards. Developer deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Developer. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Developer's Warranty of Adherence to Commission's Child Support Compliance Program

Developer acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon Los Angeles County and its taxpayers.

Without limiting Developer's duty under this Agreement to comply with all applicable provisions of law, Developer warrants that it is now in compliance and shall during rehabilitation construction maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Developer to maintain compliance with the requirements set forth in Paragraph 4, "Developer's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Developer under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County Child Support Services Department (CSSD) shall be grounds upon which the Commission's Board of Commissioners may terminate this Agreement.

6. Post Most Wanted Delinquent Parents List

Developer acknowledges that the Commission places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Developer understands that it is the Commission's policy to encourage Commission's Developers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Developer's place of business. CSSD will supply Developer with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Developer.

8. Drug-Free Workplace Act of the State of California

Developer certifies under penalty of perjury under the laws of the State of California that the Developer will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Developer agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Developer shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Developer must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Developer shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Developer shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Developer shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Developer shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified handicapped individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Developer shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Developer will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Developer will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Developer will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Developer's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Developer will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Developer will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Developer's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Developer may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Developer will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Developer will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Developer becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Developer may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Developer shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Developer agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Developer Responsibility and Debarment

- A. A responsible Developer is a Developer who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Developers.
- B. The Developer is hereby notified that if the Commission acquires information concerning the performance of the Developer on this or other contracts which indicates that the Developer is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Developer from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Developer may have with the Commission.
- C. Commission may debar a Developer if the Board of Commissioners finds, in its discretion, that the Developer has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Developer's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Developer may be subject to debarment, Commission will notify the Developer in writing of the evidence which is the basis for the proposed debarment and will advise the Developer of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Developer and/or the Developer's

representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Developer should be debarred, and, if so, the appropriate length of time of the debarment. If the Developer fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Developer may be deemed to have waived all rights of appeal.

F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

G. These terms shall also apply to subcontractors of Commission Developers.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The Developer agrees to send to each labor organization or representative of workers with which the Developer has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Developer's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The Developer agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to

take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Developer will not subcontract with any subcontractor where the Developer has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

- E. The Developer will certify that any vacant employment positions, including training positions, that are filled (1) after the Developer is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Developer's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3-covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Developer and its contractors and subcontractors shall not use lead-based paint in rehabilitation construction or maintenance of the Project. Developer shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Lobbyist Ordinance

Developer is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting

to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

The Developer must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Developer will comply with the Lobbyist Requirements.

Failure on the part of the Developer or persons/subcontractors acting on behalf of the Developer to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

21. Notice To Employees Regarding The Safely Surrendered Baby Law

Developer shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit E, Safely Surrendered Baby Law, of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

Developer's Acknowledgment Of Commission's Commitment To The Safely Surrendered Baby Law

Developer acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Developer understands that it is the Commission's policy to encourage all Commission contractors and borrowers to voluntarily post the Commission's "Safely Surrendered Baby Law" poster in a prominent position at their place of business. Developer will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Developer with the poster to be used.

EXHIBIT "D"

PROJECT DESCRIPTION

The Haas Apartments consist of one residential building in the Athens community of unincorporated Los Angeles County, bounded by 107th Street to the South and 104th Street to the North. The Project will consist of two (2) two-bedroom units reserved for very low-income emancipated foster youth. Very low-income is defined as households with incomes at or below fifty percent (50%) of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). The affordability period will be 55 years.

The Project consists of the rehabilitation of a two-story wood frame apartment building consisting of two (2) two-bedroom units.

The total development cost for the Project is \$296,064. Exhibit "B," Site Legal Description, specifically identifies the Property.

EXHIBIT "E"

SAFELY SURRENDERED BABY LAW

DEVELOPMENT GRANT AGREEMENT
10631 Haas Avenue, Athens, Unincorporated Los Angeles County, California

by and between

THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
a public body, corporate and politic

and

LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION
a California non-profit public benefit corporation

_____, 2003

\$296,064

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LEASE

Dated as of ,2003

by and between

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES,
A public body, corporate and politic

as Lessor,

and

UNITED FRIENDS OF THE CHILDREN
A California non-profit public benefit corporation

as Lessee

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LEASE

This Lease ("Lease") is made and entered into this day of , 2003 (the "Lease Date") by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic ("Lessor"), and United Friends of the Children, a California non-profit public benefit corporation ("Lessee"). The Lessor and the Lessee are the Parties to this Agreement.

RECITALS

A. Lessor is the owner of certain real property (including all easements relating thereto) located at 10631 Haas Avenue in the Athens community of unincorporated, Los Angeles County, State of California, more fully described on Exhibit A attached hereto and incorporated herein by reference (the "Premises").

B. Lessee desires to Lease the Premises from Lessor, and Lessor desires to Lease the Premises to Lessee in accordance with the terms and conditions of this Lease set forth hereinbelow.

NOW THEREFORE, the Parties agree as follows:

1. DEFINITIONS.

1.1 General Definitions.

As used in this Lease, the following words and phrases shall have the following meanings:

(a) Alterations - any change to, or modification of the Improvements made by Lessee pursuant to Section 10.1 below.

(b) Authorized Representative - any officer, agent, employee, or independent contractor retained or employed by either Party, acting within authority given him by that Party.

(c) Capital Expenditure - customary and necessary capital expenditures (as determined in accordance with generally accepted accounting principles) made by Lessee for Alterations with respect to the Premises.

(d) Damage - injury, deterioration, or loss to a Person or property caused by an Act of God or another Person's acts or omissions. Damage includes death; Damage does not include normal wear and tear.

(e) Destruction - any substantial Damage to the Premises or the Improvements.

(f) Encumbrance - any deed of trust, mortgage, or other written security device or agreement encumbering either the Leasehold or the fee interest in the Premises, and the note or other obligation secured by it, that constitutes security for the payment of a debt or performance of an obligation.

(g) Expiration - the coming to an end of the time specified in this Lease as its duration.

(h) Improvements - any structures or other permanent improvements to be rehabilitated on the Premises, which structures or permanent improvements shall be rehabilitated in accordance with plans and specifications approved by Lessor, in its sole discretion.

(i) Law - any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal, or other government agency or authority having jurisdiction over the Parties or the Premises, or both, in effect either at the time of execution of this Lease or at any time during the Term, including, without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities).

(j) Person - one or more human beings, or legal entities or other artificial persons, including, without limitation, partnerships, corporations, trusts, estates, joint ventures, associations, and any combination of human beings and legal entities.

(k) Provision - any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in this Lease that defines or otherwise controls, establishes, or limits the performance required or permitted by either Party.

(l) Rent - rent and any other charges payable by Lessee to Lessor under the Provisions of this Lease.

(m) Successor - assignee, transferee, personal representative, heir, or other Person succeeding lawfully, and pursuant to the Provisions of this Lease, to the rights or obligations of either Party.

(n) Termination - the ending of the Term for any reason before Expiration.

1.2 Other Definitions.

The following additional terms are defined in the following sections of this Lease:

| | | |
|-----|------------------------|---------|
| (a) | Term | 3.0 |
| (b) | Rent | 4.1 |
| (c) | Rent Commencement Date | 4.1 |
| (d) | Other Expenses | 4.3 |
| (e) | Taxes | 5.1 |
| (f) | Award | 13.1(a) |
| (g) | Condemnor | 13.1(c) |
| (h) | Date of Taking | 13.1(d) |
| (i) | Minor Taking | 13.1(e) |

2. PREMISES.

2.1 Conveyance of Improvements.

Upon the Expiration of the term of this Lease or upon earlier Termination of the term pursuant to the provisions of this Lease, Lessee shall convey to Lessor all of its interest in the Premises and Improvements, by means of a grant deed or such other instruments as Lessor may reasonably require.

2.2 Lease of Premises.

For and in consideration of the payment of Rent and the performance of all the terms, covenants and conditions of this Lease by Lessee, Lessor hereby Leases the Premises to Lessee, free of other tenancies or rights of possession and subject only to the permitted exceptions set forth in that certain preliminary title report attached hereto as Exhibit B, issued by North American Title Company, Order No. XX-XXXXX-XX, and Lessee hereby takes and hires the Premises from Lessor.

3. LEASE TERM.

The initial term ("Term") of this Lease shall commence on the Lease Date and extend for a term of 55 years.

3.1 Termination.

This Lease may be terminated by Lessor or by Lessee with one hundred and eighty (180) days written notice, for any reason. In the event Lessor or Lessee exercises its right to terminate this Lease, Lessee shall reconvey Premises to Lessor in the same condition Premises were Leased to Lessee without any additional Encumbrances.

4. RENT.

4.1 Payment of Rent.

Lessee shall pay to Lessor, without deduction, setoff, prior notice or demand, at such place as Lessor may from time to time designate, the rent specified in Section 4.2 below (the "Rent"), commencing on the Rent Commencement Date. For purposes hereof, "Rent Commencement Date" shall mean the date the Lessee takes

possession of the Premises. For any partial year during the Term, the Rent for such partial month shall not be prorated.

4.2 Rent During Term.

For the period beginning on the date of this Lease and terminating on the Rent Commencement Date, Lessee shall pay no Rent. For the period beginning on the Rent Commencement Date and continuing throughout the remainder of the Term, Lessee shall pay one dollar (\$1.00) per year, paid in advance on the Rent Commencement Date in one lump sum amount of \$55.00 to the Lessor.

4.3 Other Expenses.

In addition to the Rent as set forth in Section 4.2 hereinabove, Lessee shall pay or cause to be paid all insurance, operating and maintenance expenses associated with the Premises and the Improvements pursuant to the terms of this Lease, but specifically excluding all ad valorem property taxes and possessory interest taxes, assessed against or otherwise imposed with respect to, the Land, the Improvements or the Personal Property ("Other Expenses"). From and after the date hereof, Lessee shall pay or cause to be paid the Other Expenses on or before the date such Other Expenses are due, and under no circumstances shall Lessee be entitled to a credit or other waiver with respect to the Other Expenses.

5. TAXES.

5.1 Lessor to Pay Taxes.

Throughout the Term of this Lease, Lessor shall pay, except as otherwise provided in this Lease, all taxes, all ad valorem property taxes, possessory interest taxes, general or special assessments, levies and other charges levied on, assessed against or otherwise imposed with respect to, the Land, the Improvements or the Personal Property, including, without limitation, any possessory interest taxes levied against Lessee with respect to its Leasehold interest created hereby, which may be levied upon or assessed against or become a lien in any manner upon the Premises, or any Improvements, or any Personal Property, or any part thereof, by or according to any law or governmental, legal, political or other authority whatsoever (collectively "Taxes").

5.2 Other Taxes.

Lessee shall not be required to pay any income, franchise, estate, inheritance, succession, capital levy or transfer tax assessed against Lessor or any Successor of Lessor, or any income, excess profits or revenue tax or any other similar tax, assessment, charge or levy upon the Rent or other income derived by Lessor or any Successor of Lessor under this Lease.

6. USE OF PREMISES.

6.1 Use.

Throughout the Term of this Lease, the Premises shall be used by Lessee for housing for low-income emancipated foster youth and directly related uses and Lessee agrees to maintain the character of the Premises as required by the Maintenance Agreement (Dated _____, 2003), incorporated herein as Exhibit C, so long as such document remains in effect. Lessee may use the Premises for any

other public purpose with the prior written consent of Lessor, which consent shall not be unreasonably withheld. Lessee shall not use or permit the use of the Premises in any manner which (i) creates a nuisance or (ii) violates any Law provided that if future law is enacted that requires significant changes to building structure or expenditures costing in excess of five thousand dollars (\$5,000) to comply, Lessee may terminate the Lease as provided in Section 3.1 above.

6.2 Affordability Restrictions.

Once available for occupancy, all units rehabilitated on the Premises shall be rented or held vacant and available for rental to very-low-income emancipated foster youth, as defined herein, on a continuous basis and may not be converted to condominium, owner-occupied, or other non-rental use; and Lessee shall not discriminate on the basis of race, creed, color, sex, marital status, disability, or national origin in the Lease, use, or occupancy of the units.

The very-low-income units shall be affordable to eligible very-low income emancipated foster youth whose household incomes are below fifty percent (50%) of median household income for the Los Angeles - Long Beach Metropolitan Statistical Area (MSA), adjusted for household size. Any rent paid by the occupants shall not exceed thirty percent (30%) of fifty percent (50%) of the median annual household income for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size. During the 55-year term of this Lease, Lessee shall comply with HOME Program regulations Sections 92.203, 92.252, 92,253, and 92.256 regarding the occupants of the units.

6.3 No Discrimination.

The Lessee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, that this Lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of race, religion, creed, color, national origin, ancestry, marital status, sex or sexual orientation in the leasing, subleasing, transferring, use or enjoyment of the land herein leased nor shall the Lessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Lessees, sublessees, or Vendees in the land herein leased.

6.4 Occupancy Monitoring.

Lessee shall comply with the occupancy monitoring procedures established by the Lessor in compliance with the HOME Program pursuant to 24 CFR Sections 92.252 and 92.253. Lessee agrees to ensure that each emancipated foster youth's ("Youth") eligibility to occupy the Premises shall be based upon information that the Youth provide to Lessee regarding their income and assets. The Youth shall agree to provide updated information each year and all information they supply shall be subject to inspection by representatives of the Lessor or regulatory agencies. The Youth shall agree that all such information they provide regarding household income and assets shall be true, complete, and correct to the best of their knowledge. The Youth shall agree that failure to provide such information, or providing false or misleading information, may result in the termination of their occupancy and eviction from the Premises.

7. IMPROVEMENTS.

7.1 Ownership and Removal of Improvements.

Lessee shall not remove any Improvements or Alterations from the Premises nor waste, destroy or modify any Improvements or Alterations on the Premises, except as permitted by this Lease. Upon Expiration or Termination of the Term of this Lease, all Improvements and Alterations on the Premises shall, without compensation to Lessee, thereupon become Lessor's property. Upon any such Expiration or Termination, Lessee shall deliver to Lessor a grant deed to convey Lessee's interest in the Improvements and Alterations to Lessor.

7.2 Real Estate Covenant.

Lessor and Lessee covenant and agree that all Improvements shall at all times be, and remain, real property.

8. MAINTENANCE AND REPAIRS.

8.1 Duty to Maintain Premises.

Lessee shall, at its own cost and expense, cause the Premises (including the Improvements and Alterations) to be kept and maintained in good order, condition and repair throughout the Term of this Lease, in accordance with Attachment C, the Maintenance Agreement. Lessor shall not have any responsibility to maintain the Premises, except for extraordinary maintenance, as defined in the Maintenance Agreement. Lessee hereby waives the benefit of California Code Sections 1941 and

1942 and any other Law that would otherwise afford Lessee the right to make repairs at Lessor's expense.

8.2 Condition of Premises and Improvements.

(a) Inspection.

(1) Initial Inspection. At least thirty (30) calendar days before the Rent Commencement Date, Lessor shall provide Lessee a copy of Lessor's internal Inspection Report regarding the condition of the Premises and the Improvements (the "Inspection Report").

(2) Lessee's Acceptance. Lessor shall convey to Lessee, the Premises and all Improvements in a condition acceptable to Lessee, at Lessee's reasonable discretion. Lessee shall notify Lessor whether or not the Premises or the Improvements are in an acceptable condition. If Lessee notifies Lessor that the Premises and Improvements are not in an acceptable condition, then the obligations of all parties under this Lease shall terminate, and neither party shall have any further obligation or liability to the other in connection with this Lease.

9. UTILITIES AND SERVICES.

Lessee shall pay for all water, sewage, gas, electricity, telephone, maintenance, janitorial, trash collection and any and all other utilities and services supplied to the Premises.

10. ALTERATIONS; SIGNS.

10.1 Alterations.

Lessee shall have the right, throughout the Term of this Lease at any time and from time to time to make Capital Expenditures for the purposes of constructing

Alterations, costing, in the aggregate, no more than \$5,000.00. Any Capital Expenditures for Alterations in excess of \$5,000.00 shall require the prior written consent of the Lessor, which consent may be withheld by Lessor in its sole discretion. All Alterations, whether or not Lessor's prior written consent is required, shall be made pursuant to the terms of this Section 10.1.

10.2 Conditions to Alterations.

Notwithstanding the Provisions of Section 10.1, with respect to any such Alterations, Lessee shall comply with the following requirements:

(a) If the Alterations require a building permit, on or before submission of preliminary construction plans and specifications to the appropriate governmental agencies for review, Lessee shall submit one set of such documents to Lessor for Lessor's review and approval, which approval may be withheld by Lessor in its sole and absolute discretion;

(b) If the Alterations require a building permit, on or before submission of final working plans and specifications to the appropriate governmental agencies for approval, Lessee shall deliver to Lessor one complete set for Lessor's review and approval, which approval Lessor may withhold in its sole and absolute discretion;

(c) If the cost of the Alterations exceeds \$5,000, Lessee shall deliver to Lessor insurance certificates for any insurance pertaining to the construction which is required pursuant to Section 11 hereof.

(d) Once construction of the Alterations is begun, Lessee shall with reasonable diligence prosecute such construction to Completion.

10.3 Signs.

Subject to the approval of local and/or other governmental regulatory authorities and subject to Lessor's approval, Lessee shall have the right to place, affix and maintain signs upon the Premises and the Improvements. All such signs shall be installed and maintained in good condition and repair at Lessee's sole cost and expense.

11. INDEMNITY AND EXCULPATION; INSURANCE.

11.1 Exculpation of Lessor.

Lessor shall not be liable to Lessee for any damage to Lessee or Lessee's property from any cause except damages caused by the sole negligence of Lessor or its Authorized Representatives. Lessee waives all claims against Lessor for damage to Person or property arising for any reason other than the intentional acts or negligence of Lessor or its Authorized Representatives.

11.2 Indemnity.

(a) Lessee shall indemnify, hold harmless and defend Lessor against and from any loss, cost or expense of any sort or nature, and from any liability to any Person, on account of any damage to Person or property arising out of any failure of Lessee to perform and/or comply in any respect with any of the requirements and Provisions of this Lease or arising from Lessee's use, maintenance and operation of the Premises.

(b) Notwithstanding anything to the contrary contained in this Section, Lessee shall not be liable for any injury, loss or Damage of whatever kind if such injury,

loss or Damage is the result of the sole negligence of Lessor or its Authorized Representatives.

11.3 Insurance.

Concurrent with the execution of this Lease and in partial performance of Lessee's obligations hereunder, Lessee shall procure and maintain, at its cost, during the term of this Lease and any extensions or renewals thereof, from an insurer admitted in California or having a minimum rating of or equivalent to A: VIII in Best's Insurance Guide:

(a) Comprehensive General Liability Insurance with a combined single limit of at least two million dollars (\$2,000,000). Lessor, its officials, employees, and agents shall be covered as additional insureds with respect to liability arising from activities performed by or on behalf of Lessee, or the maintenance, use or occupancy of the Premises. Said insurance shall be primary insurance with respect to Lessor and shall contain a cross liability endorsement.

(b) "All Risk" property insurance, in an amount sufficient to cover the full replacement value of all insurable buildings, structural Improvements and Lessee's personal property on the Premises. Lessor shall be named as an insured under a standard loss payable endorsement.

(c) On or before the Rent Commencement Date, Lessee shall deliver to Lessor certificates of insurance with original endorsements evidencing the coverage required by this Lease. The certificates and endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. Lessor reserves the right to require complete certified copies of all policies at any time. Lessee further

agrees that if Lessee fails to furnish evidence of insurance as provided in this Section, Lessor may obtain such insurance and the premium for such insurance shall be deemed additional rent to be paid by Lessee to Lessor upon demand.

(d) Said insurance shall contain an endorsement requiring thirty (30) days' prior written notice from insurers to Lessor before cancellation or change of coverage.

(e) Said insurance may provide for such deductibles or self-insured retention as may be acceptable to Lessor. In the event such insurance does provide for deductibles or self-insured retention, Lessee agrees that it will fully protect Lessor, its officials, and employees in the same manner as these interests would have been protected had the policy or policies not contained a deductible or retention provisions. With respect to damage to property, Lessor and Lessee hereby waive all rights of subrogation, one against the other, but only to the extent that collectible commercial insurance is available for said damage.

(f) Not more frequently than every five (5) years, if in the opinion of Lessor or of an insurance broker retained by Lessor, the amount of the foregoing insurance coverage is not adequate, Lessee shall increase the insurance coverage as required by Lessor.

(g) The procuring of said insurance shall not be construed as a limitation on Lessee's liability or as full performance on Lessee's part of the indemnification and hold harmless provisions of this Lease; and Lessee understands and agrees that, notwithstanding any insurance, Lessee's obligation to defend, indemnify and hold Lessor, its officials and employees harmless hereunder is for the full

and total amount of any damage, injuries, loss, expense, costs or liabilities caused by the condition of the Premises or in any manner connected with or attributed to the acts or omissions of Lessee, its officers, agents, employees, sublessees, licensees, patrons or visitors, or the operations conducted by Lessee, or the Lessee's use, misuse or neglect of the Premises.

(h) Any modification or waiver of the insurance requirements herein shall only be made with the written approval of Lessor.

12. DESTRUCTION.

12.1 Duty to Restore.

In the event of any Destruction to the Premises or the Improvements by fire or other casualty, which renders the Premises partially or totally unleaseable, which damage or Destruction is insured against under any policy of fire and extended coverage insurance then covering the damaged Improvements, this Lease shall not terminate and said Improvements shall be rebuilt by Lessee with due diligence at Lessee's expense provided that insurance proceeds received by Lessee are adequate. Notwithstanding the foregoing, this Lease shall be subject to termination as provided in Section 12.2 below.

12.2 Election to Terminate.

In the event of any Damage or Destruction of the Premises or the Improvements by an uninsured casualty at any time during the Term or by a casualty (whether or not insured) during the last two (2) years of the Term, then either party may within not more than sixty days after such Damage, notify the other party of its election

to terminate this Lease. If this Lease is not so terminated, then Lessee shall rebuild said Improvements with due diligence at Lessee's expense, unless Lessor is required to pay for such casualty, pursuant to Lessor's agreement to pay for extraordinary maintenance, as defined in the Maintenance Agreement. If this Lease is terminated by either party as aforesaid, this Lease shall terminate effective as of the date of such Damage or Destruction and any Rent paid by Lessee for the period after such termination date shall be promptly refunded by Lessor. In the event neither party timely gives notice of its election to terminate this Lease as aforesaid, this Lease shall remain in full force and effect. Notwithstanding Lessor's election to terminate this Lease, Lessee shall have the right, within thirty (30) days after receipt of notice from Lessor terminating this Lease, to elect to repair the Damage to the Premises or Improvements at Lessee's expense by delivering written notice to Lessor, in which event this Lease shall remain in full force and effect and Lessee shall proceed to make such repairs as soon as reasonably possible.

13. CONDEMNATION.

13.1 Definitions.

(a) "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial Condemnation.

(b) "Condemnation" means (1) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor and (2) a voluntary sale or transfer by Lessor to any Condemnor, either under threat of Condemnation or while legal proceedings for Condemnation are pending.

(c) "Condemnor" means any public or quasi- public authority, or private corporation or individual, having the power of Condemnation.

(d) "Date of Taking" means the date the Condemnor has the right to possession of the property being condemned.

(e) "Minor Taking" means a Condemnation which does not cause a loss of building square footage or parking spaces at the Premises and which does not permanently and adversely impact or affect vehicular and pedestrian circulation, ingress, egress or visibility of or at the Premises.

13.2 Rights and Obligations.

If during the Term there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation, the rights and obligations of the Parties shall be determined pursuant to this Section 13. Each Party waives the provisions of Code of Civil Procedure 1265.130 allowing either Party to petition the superior court to Terminate this Lease in the event of a partial taking of the Premises.

13.3 Total Taking.

(a) If all or substantially all of the Premises shall be taken by Condemnation then, subject to the rights of Permitted Lenders, this Lease shall Terminate as of the Date of Taking. All Rent paid in advance and pertaining to the period beyond the Date of Taking shall be refunded to Lessee by Lessor. For purposes of this Section, "substantially all" of the Premises shall be deemed to have been taken if the Condemnation is more than a Minor Taking and if, in Lessee's reasonable discretion, the remaining property cannot be practicably used by Lessee for the purposes contemplated by this Lease.

(b) In the event of a taking of all or substantially all of the Premises, Lessee shall be entitled to that portion of the Award equal to the value of Improvements to the Premises paid for by the Lessee, and pre-approved by the Lessor, and Lessor shall be entitled to receive the balance of any Award.

13.4 Intentionally Omitted.

13.5 Condemnation Proceedings.

Lessee shall not have the right to participate in any Condemnation proceedings concerning or affecting the Premises. In case of a taking of all or any part of the Premises or any interest in the Lease, or the commencement of any proceedings or negotiations which might result in such taking, any Party receiving information as to the same shall promptly give written notice thereof to the other.

14. HAZARDOUS MATERIALS.

(a) For purposes of this Lease, "Hazardous Materials" shall mean petroleum, asbestos, flammable explosives, radioactive materials, hazardous wastes, toxic substances and hazardous substances and related materials, including, without limitation, those materials identified in the applicable Sections of Title 22 of the California Administrative Code, Division 4, Chapter 30; the substances defined as "hazardous substances," "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42

U.S.C. Section 6901 et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code; all as may be amended from time to time; and the regulations adopted in publications promulgated pursuant to said laws.

(b) If Lessee believes or has reasonable cause to believe that any release of a Hazardous Material has come to be located on or beneath the Premises that may present a health and safety risk or reach an "action level" under laws and regulations governing hazardous materials, then Lessee shall give written notice of any such discovery to Lessor pursuant to Section 25359.7(b) of the California Health and Safety Code. In addition, Lessee, at its sole cost, shall comply with all current and future laws, regulations and orders relating to Lessee's storage, use and disposal of Hazardous Materials. If Lessee does store, use or dispose of any Hazardous Materials other than such cleaning and other materials customarily used in the operation and maintenance of a multi-family residential building, Lessee shall notify Lessor in writing at least ten (10) days prior to the first appearance of such materials on or about the Premises and Lessee's failure to do so shall constitute a Default under this Lease. Lessee shall, in accordance with applicable law, not dispose of any Hazardous Materials at the Premises. Lessee shall be solely responsible for and shall defend, indemnify and hold Lessor and its Commissioners, officers, employees, agents, contractors and the holder of any mortgage lien on all or a portion of the Premises, and any successor to Lessor's interest in this Lease, their directors, officers, employees and agents (collectively, the "Lessor Group") harmless from and against all claims, costs, losses, expenses and

liabilities, including reasonable attorneys' fees and costs, arising out of or in connection with the storage, use and disposal of Hazardous Materials by Lessee, its directors, officers, *employees* and agents (collectively, the "Lessee Group"). If the presence of Hazardous Materials on the Premises caused or permitted by the Lessee Group results in contamination greater than the levels established by any governmental agency having jurisdiction over such contamination, then Lessee shall promptly take any and all action ordered by such governmental agency to cleanup such contamination. If Lessee fails to proceed with the cleanup of any contamination or otherwise fails to comply with any laws, regulations or orders relating to Hazardous Materials, then Lessor, at its option, shall have the right to (i) declare Lessee in Default under this Lease, and/or (ii) take any and all action necessary to cleanup such contamination or otherwise comply with any laws, regulations or orders relating to Hazardous Materials. Lessor shall have the right to (i) enter the Premises for the purpose of conducting any tests to determine the presence of Hazardous Materials at the Premises, (ii) enter the Premises for the purpose of taking any corrective action pursuant to the rights granted Lessor hereunder, and/or (iii) notify the appropriate governmental agencies of the existence of Hazardous Materials at the Premises; provided however, that if Lessor elects to enter the Premises hereunder, during such entry Lessor shall not unreasonably interfere with Lessee's use of the Premises. Any costs incurred by Lessor in correcting or responding to the Hazardous Materials as set forth in this Lease shall be considered additional Rent under the Lease and be immediately due and payable. Any such amounts not paid by Lessee within thirty (30) days of demand therefore shall thereafter bear a penalty payment of 25% of any unpaid portion of the costs incurred by Lessor. At any time prior

to the expiration of the Lease Term, Lessee shall have the right to conduct appropriate tests of water and soil and to deliver to Lessor the results of such tests to demonstrate that no contamination in excess of legally permitted levels has occurred as a result of Lessee's use of the Premises. Lessee shall further be solely responsible for, and shall defend, indemnify and hold the Lessor Group harmless from and against any and all claims, costs, losses, expenses and liabilities, including attorneys' fees and costs, arising out of or in connection with any removal, cleanup, and restoration work required hereunder to return the Premises and any other property of whatever nature to their condition existing prior to the appearance of Hazardous Materials, to the extent that such Hazardous Materials are attributable to the Lessee Group.

15. WARRANTIES AND REPRESENTATIONS.

The Commission makes the following warranties and representations regarding hazardous materials on the Premises.

The Commission has had consultants conduct an Asbestos and Lead Paint Abatement study at said Premises. Commission consultants have determined that the Premises are free of any and all hazardous materials, including petroleum, asbestos, flammable explosives, radioactive materials, hazardous wastes, toxic substances and hazardous substances and related materials.

These warranties and representations are made solely for the benefit of Lessee and are not to be relied upon by any other parties.

16. ASSIGNMENT, SUBLETTING AND ENCUMBERING.

16.1 Assignment and Subletting.

(a) No assignment or transfer of this Lease by the Lessor shall be binding on the Lessee unless the assignee or transferee shall assume and agree to be bound by the terms of this Lease and until notice of assignment or transfer together with an executed copy of such transfer instrument or assignment is received by Lessee.

(b) Lessee may not assign, sublet or transfer any or all of its rights or privileges under this Lease unless Lessor first grants its written consent to such assignment, sublease or transfer, which consent will not be unreasonably withheld. Lessor hereby consents to Lessee's sublease to eligible emancipated foster youth. In the event Lessor grants its consent to such assignment, sublease or transfer, Lessee shall not be relieved of its obligations for the performance of all of the terms and conditions of this Lease including the payment of Rent, except as specifically set forth herein.

(c) Lessor may assign, sublet or transfer any or all of its rights or privileges under this Lease without the written consent or approval of Lessee.

16.2 Encumbrance or Assignment as Security.

Lessee shall not have the right to encumber or assign its interest in this Lease to one or more encumbrances, in favor of any lender, including, without limitation, banks, savings and loans, and insurance companies.

17. DEFAULTS AND REMEDIES.

17.1 Defaults.

Each of the following shall be deemed a "Default" under this Lease:

(a) if, after written notice, Lessee shall fail to pay any installment of Rent or other sum due under this Lease when due and payable, and such failure continues for a period of more than ten (10) days;

(b) if Lessee shall fail to perform any event designated as a "Default" under this Lease, and/or any other Term, covenant or condition of this Lease, and such failure continues for more than thirty (30) days after written notice from Lessor (or if the default is of such character as reasonably to require more than thirty (30) days to cure, then if Lessee shall fail within thirty (30) days after written notice from Lessor to commence and pursue with due diligence the curing of such default, however, in any event Lessee will cure default in 90 days);

(c) if due to insolvency, Lessee is unable to use the Premises for intended purposes for a period up to 180 days, then Lessor shall have the right to terminate the Lease; or

(d) if a receiver, guardian, conservator, trustee or assignee, or any other or similar officer or Person shall be appointed to take charge of the Premises or all or substantially all of Lessee's other property, and such appointment is not vacated within one hundred and eighty (180) days thereafter.

17.2 Remedies.

Upon occurrence of any Default, Lessor may, at its option and without any further demand or notice, do any of the following:

(a) Give Lessee written notice of Termination of this Lease and on the date specified in such notice Lessee's right to possession of the Premises shall cease and this Lease shall Terminate. Upon such Termination, Lessor may re-

enter the Premises, and, subject to the rights of sublessees, Lessor may eject all parties in possession of the Premises through legal process and repossess and enjoy the Premises, in which event Lessor shall be entitled to recover from Lessee, in accordance with California Civil Code Section 1951.2 or successor statute, or otherwise, the following:

(1) the worth at the time of award of the amount of any obligations of Lessee which has accrued or been earned at the time of Termination provided that no ongoing maintenance charges one hundred and eighty (180) days after termination of the Lease shall be included;

(2) the worth at the time of award of the amount by which the unpaid Rent and all additional and further charges under this Lease which would have been earned after Termination until the time of award exceeds the amount of loss of such rental or other charges that Lessee proves could have been reasonably avoided provided that no ongoing maintenance charges one hundred and eighty (180) days after termination of the Lease shall be included;

(3) the worth at the time of award of the amount by which the unpaid Rent and other charges for the balance of the Term of this Lease after the time of award exceeds the amount of loss of such rental and other charges that Lessee proves could be reasonably avoided provided that no ongoing maintenance charges one hundred and eighty (180) days after termination of the Lease shall be included; and

(4) any and all other amounts necessary to compensate Lessor for all detriment, costs and expenses incurred by Lessor

proximately caused by Lessee's default hereunder or which in the ordinary course of things would be likely to result therefrom provided that no ongoing maintenance charges one hundred and eighty (180) days after termination of the Lease shall be included.

As used in clauses (1), (2) and (3) above, the "worth at the time of award" is computed by allowing interest at a rate equal to the maximum rate at the time of the award that a non-exempt lender is permitted to charge on loans for any use other than for personal, family or household purposes, under California Constitution Article XV, Section 1, as now in effect or hereafter from time to time amended. No effort by Lessor to mitigate the damages caused by Lessee's default hereunder shall waive or result in the waiver of any right of Lessor to recover damages under this Section 17.2(a). The amount recoverable by Lessor pursuant to clause (4) above shall include, but is not limited to, any costs or expenses incurred by Lessor in maintaining or preserving the Premises after such default, preparing the Premises for reletting to a new Lessee, accomplishing any repairs or Alterations to the Premises for the purpose of such reletting, rectifying any damage thereto occasioned by the act or omission of Lessee or any other costs necessary or appropriate to relet the Premises.

(b) Without Terminating this Lease or Lessee's right to possession of the Premises or otherwise relieving Lessee of any obligation hereunder, Lessor may reenter the Premises, do all things necessary to preserve, maintain and repair the same, make efforts it may deem desirable to relet the Premises, obtain at its option the appointment of a receiver to protect its interests under this Lease and continue to enforce all of its rights and remedies under this Lease.

(c) Lessor may at Lessor's election use Lessee's personal property and trade fixtures located on, about, or appurtenant to the Premises without compensation and without liability for use or damage, or store them for the account and at the cost of Lessee. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

(d) Lessee assigns to Lessor all subrents and other sums falling due from sublessees, licensees, and concessionaires during any period in which Lessor has the right under this Lease, whether exercised or not, to reenter the Premises for Lessee's default, and Lessee shall not have any right to such sums during that period and any such sums received by Lessee shall be for the benefit of the Lessor. This assignment is subject and subordinate to any and all assignments of the same subrents to the Permitted Lenders under any Permitted Encumbrances. Lessor may, at Lessor's election, reenter the Premises with process of law, without Terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors. Lessor shall receive and collect all subrents and proceeds from reletting, applying them: first, to the payment of reasonable expenses (including attorneys' fees or brokers' commissions or both) paid or incurred by or on behalf of Lessor in recovering possession, placing the Premises in good condition, and preparing or altering the Premises for reletting; second, to the reasonable expense of securing new sublessees; third, to the fulfillment of Lessee's obligations to the end of the Term; and fourth, to the persons legally entitled thereto. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease the equivalent of all sums required of

Lessee under this Lease, plus Lessor's expenses, less the proceeds of the sums assigned and actually collected under this Provision.

17.3 Cumulative Nature of Remedies.

The foregoing rights of Lessor pursuant to Section 17.2 shall be cumulative to all other rights or remedies now or hereafter given to Lessor by Law or in equity or by the Terms of this Lease.

17.4 Lessor's Right to Cure Breach.

Except (i) as set forth in Section 14, and (ii) in the event of an emergency which threatens life or material damage to property, at any time and without notice to Lessee or any other party, Lessor may, but is not obligated to, cure any of Lessee's failures to perform any covenant or Provision of this Lease at Lessee's cost. If Lessor, by reason of such failure by Lessee, pays any sum or does any act in accordance with this Section 17.4, the sum paid by Lessor plus the reasonable cost of performing such act shall be due as additional Rent within ten (10) days after written demand therefor by Lessor to Lessee. No such payment or act shall constitute a cure or waiver of the breach or a waiver of any remedy for Default or render Lessor liable for any loss or damage resulting from any such act.

17.5 Lessor's Default.

Lessor shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after written notice by Lessee to Lessor specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required

for its performance then Lessor shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently and in good faith prosecute the cure to completion.

18. SURRENDER AND LESSOR'S ENTRY.

18.1 Surrender.

(a) Good Order and Repair. Upon the Expiration or sooner Termination of this Lease, Lessee shall surrender the Premises to Lessor in good order, condition and repair, ordinary wear and tear, ordinary depreciation and obsolescence excepted. Lessees, sublessees, and licensees shall have the right to remove their trade fixtures, furniture, furnishings and equipment from the Premises prior to the Expiration date or within thirty (30) days after the date of Termination provided they repair any damage to the Premises caused by said removal.

(b) Voluntary Surrender. Lessee may surrender the Premises to Lessor upon one hundred and eighty (180) days prior written notice at any time during the Term of this Lease. In such event, Lessee shall be relieved of any and all obligations arising on or subsequent to the date the Lease is so surrendered to Lessor, provided, however that Lessee shall remain obligated on all obligations that arise prior to the date of such surrender.

18.2 Lessor's Entry on Premises.

Lessor and its Authorized Representatives shall have the right to enter the Premises during normal business hours upon reasonable prior notice to Lessee for any of the following purposes:

(a) To determine whether the Premises are in good condition and whether Lessee is complying with its obligations under this Lease;

(b) To do any necessary maintenance and to make any restoration to the Premises that Lessor has the right to perform;

(c) To serve, post, or keep posted any notices required or allowed under the Provisions of this Lease or pursuant to Law;

(d) To show the Premises to prospective brokers, agents, buyers, lenders, or Persons interested in a sale or exchange, at any time during the Term.

Lessor shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of Lessor's entry on the Premises as provided in this Section 18.2, except damage resulting from the negligent acts or negligent omissions of Lessor or its Authorized Representatives.

Lessee shall not be entitled to an abatement or reduction of Rent if Lessor exercises any rights reserved in this Section 18.2.

Lessor shall conduct its activities on the Premises as allowed in this Section 18.2 in a reasonable manner that will minimize any inconvenience, annoyance, or disturbance to Lessee and Lessee's sublessees.

19. NOTICES.

All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations under this Lease made or given by

either Party to the other shall be personally delivered or sent by reputable overnight courier or United States certified mail, return receipt requested, postage prepaid, and shall be deemed received upon delivery if personally served, one day after deposit with an overnight courier, or three days after deposit in the United States mails, if sent certified mail, return receipt requested, postage prepaid. Such notices shall be addressed as follows:

If to Lessor: Carlos Jackson, Executive Director
Community Development Commission of the
County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Telephone: (323) 890-7400
Fax: (323) 890-8584

If to Lessee: Polly Williams, President
United Friends of the Children
1055 Wilshire Blvd., Suite 1955
Los Angeles, CA 90017

Telephone: (213) 580-1840
Fax: (213) 582-1841

with a copy to:

Mr. Mitchell Evall
Weissman, Wolff, Bergman, Coleman, and
Silverman
9665 Wilshire Blvd., Suite 900
Beverly Hills, CA 90212

Telephone: (310) 858-7888
Fax: (310) 550-7191

or to such other place or places as Lessor and Lessee may designate by written notice similarly delivered.

20. QUIET POSSESSION.

Lessee, upon paying the Rent herein provided and performing all of the other obligations of this Lease on its part to be performed, shall and may peaceably and quietly have, hold and enjoy the Premises during the Term hereof, as the same may be extended, without hindrance or molestation by Lessor, subject to all of the Provisions of this Lease.

21. GENERAL PROVISIONS.

21.1 Waiver.

The waiver by Lessor or Lessee of any breach by the other Party of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of Rent hereunder by the Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease, other than the failure to pay the particular Rents so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such Rent.

21.2 Estoppel Certificates.

At any time and from time to time, within thirty (30) days after notice of request by either Party or any Permitted Lender, the Party so requested shall execute, acknowledge, and deliver to the requesting Party, or to such other recipient as the notice shall direct, a statement certifying that this Lease is unmodified and in full force and effect, or, if there have been modifications, that it is in full force and effect as

modified in the manner specified in the statement and acknowledging that there are no uncured Defaults or failures to perform any covenant or Provision of this Lease on the part of the other Party hereto or specifying any such Defaults or failures which are claimed to exist. The statement shall also state the dates to which the Rent and any other charges have been paid in advance. The statement shall be such that it can be relied on by any auditor, creditor, banker, and investment banker of either Party and by any prospective purchaser or mortgagee of the Premises or all or any part or parts of Lessee's or Lessor's interests under this Lease.

21.3 Entire Agreement; Modification.

Except for any other agreements executed contemporaneously herewith, this Lease contains the entire agreement between the Parties. No verbal agreement or implied covenant unless included in such a contemporaneous agreement shall be held to vary the Provisions hereof, any statements, Law or custom to the contrary notwithstanding. No promise, representation, warranty, or covenant not included in this Lease has been or is relied on by either Party. Each Party has relied on its own inspection of the Premises and examination of this Lease, the counsel of its own advisors, and the warranties, representations, and covenants in this Lease itself. The failure or refusal of either Party to inspect the Premises, to read this Lease or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspection, or advice.

No Provision of this Lease may be amended or varied except by an agreement in writing signed by the Parties.

21.4 Recording.

At Lessee's request, Lessor and Lessee shall enter into a short form memorandum of this Lease, in suitable form for recording, which shall be recorded at Lessee's expense upon commencement of the Term.

21.5 Governing Law.

The Lease shall be governed by and interpreted under the laws of the State of California.

21.6 Successors.

The covenants, conditions and agreements of this Lease shall be binding upon and shall inure to the benefit of the heirs, representatives, successors and assigns of the Parties hereto.

21.7 Severability.

If the Provisions of this Lease shall for any reason be held to be invalid, illegal or unenforceable by any court of competent jurisdiction, the validity of the other Provisions of this Lease shall in no way be affected thereby, and this Lease shall be construed as though such invalid, illegal or unenforceable Provisions had never been contained herein, provided that such construction does not materially alter the rights or obligations of either Party hereunder.

21.8 Singular and Plural; Gender.

Whenever the singular number is used in this Lease and the context requires, the same shall include the plural. Further, when used in this Lease and the context requires, the neuter gender shall include the feminine and masculine, the masculine shall include the feminine and neuter, the feminine shall include the

masculine and neuter, and each shall include any reference to a corporation, partnership, trust, or other legal entity.

21.9 Right to Audit.

The Commission, the United States Department of Housing and Urban Development (HUD), the United States General Accounting Office, or any of their duly authorized representatives shall have access to any books, documents, papers and records of the Lessee and/or its subcontractors which are directly pertinent to the services being provided hereunder for the purpose of making an audit, an examination, excerpts and transcriptions. Lessee shall provide access to such books, documents, papers, and records upon 72 hours notice. All books, records and supporting detail shall be retained for a period of five years after the expiration of the term of this Agreement or for any longer period of time as required by law.

21.10 Time.

Time is of the essence of this Lease. To the extent any approvals are required of Lessor under this Lease, such approvals or disapprovals shall be given within sixty (60) days of receipt by Lessor of a request by Lessee for an approval of Lessor, unless the time frame for said approval is specified in this Lease.

21.11 Captions.

The captions of the sections of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

21.12 Brokers.

Each Party warrants to and for the benefit of the other that it has had no dealings with any real estate broker or other agent (attorneys excepted) in connection with the negotiation or making of this Lease.

21.13 Joint and Several Obligations.

"Parties" shall mean Lessor or Lessee; and if more than one Person is Lessor or Lessee, the obligations imposed on those Parties shall be joint and several.

21.14 Non-Recourse.

Notwithstanding any other provision or section of this Agreement, no recourse shall be had by Lessor to Lessee's directors, officers, employees, agents and attorneys for any obligation, including, but not limited to any indemnity obligations, of Lessee hereunder, except for any event of willful misconduct.

21.15 Force Majeure.

Except as provided below, any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, extraordinary governmental restrictions, regulations or controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the control of the Party obligated to perform any term, covenant or condition of this Lease, shall excuse the performance by such Party for a period equal to any such prevention, delay or stoppage, except the obligations imposed with regard to Rent or Lessor's financial obligations pursuant to this Lease, unless abatement is expressly provided for in those instances under this Lease.

Either Party encountering such force majeure delays shall send written notice thereof to the other Party no later than ten (10) days after the

commencement of such force majeure delay. If the Party encountering such force majeure delay fails to send notice thereof to the other Party within ten (10) days after the commencement of such delay, then any alleged delay occurring more than ten (10) days prior to the date of such notice shall not be deemed to extend any time for performance set forth herein.

21.16 Conflict of Documents

To the extent of any inconsistency between this Lease and any other related agreements, the terms of this Lease shall prevail.

21.17 Compliance with Laws.

Lessee agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Lease, including, but not limited to, Section a-d below. This Lease is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the Code of Federal Regulations (CFR) Part 85.

a. Civil Rights Act of 1964. Title VI

Lessee shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

b. Section 109 of HUD Act of 1974

Lessee shall comply with Section 109 of the Housing and

Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

- c. Section 3 of the Housing and Community Development Act of 1968, As Amended, 12 U.S.C. 1701 Et Seq.

Lessee shall comply with Section 3 of the Housing and Community Development Act of 1968, as amended 12 U.S.C. 1701 Et Seq. which requires that to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

- d. Federal Lobbyist Requirements.

The Lessee is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 Code of Federal Regulations (CFR) 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification of said documents.

21.18 Conflict of Interest.

The Lessee represents, warrants and agrees that to the best of its knowledge, it does not presently have, nor will it acquire during the term of this Lease, any interest direct or indirect, by contract, employment or otherwise, or as a partner, joint venturer or shareholder (other than as a shareholder holding a one percent (1%) or less interest in publicly traded companies) or affiliate with any business or business entity that has entered into any contract, subcontract or arrangement with the Commission. Upon execution of this Lease and during its term, as appropriate, the Lessee shall disclose in writing to the Commission any other contract or employment during the term of this Lease by any other persons, business or corporation in which employment will or may likely develop a conflict of interest between the Commission's interest and the interest of the third parties.

21.19 Access and Retention of Records.

Lessee shall provide immediate access to the Commission, the Federal Grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of the Lessee which are directly pertinent to the specific contract for the purpose of making audits, examinations, excerpts and transcriptions upon seventy-two (72) hours notice. The Lessee is required to retain the aforementioned records for a period of five years after the Commission pays final payment and other pending matters are closed under this Lease.

21.20 Confidentiality of Reports.

Lessee shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not

be made available to any persons, firm, corporation or entity without the prior written consent of the Commission.

21.21 Safety Standards and Accident Prevention.

The Lessee shall comply with all applicable federal, state and local laws governing safety, health and sanitation. The Lessee shall provide all safeguards, safety devices and protective equipment and take any other needed actions, as its own responsibility, reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of this Lease.

21.22 Drug-Free Workplace Act of the State of California.

Lessee certifies under penalty of perjury under the laws of the State of California that the Lessee will comply with the requirements of the Drug-Free Workplace Act of 1990.

21.23 Interpretation.

No provision of this Lease is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Lease is to be constructed as if it were drafted by both parties hereto.

21.24 Waiver.

No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall be deemed to be a waiver of any breach of the same or any other provision hereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease as
of the date first above written.

LESSOR:

COMMUNITY DEVELOPMENT COMMISSION
COUNTY OF LOS ANGELES

BY:

CARLOS JACKSON,
EXECUTIVE DIRECTOR

Date

APPROVED AS TO FORM:
LLOYD W. PELLMAN
COUNTY COUNSEL

BY:

Deputy

LESSEE:

UNITED FRIENDS OF
THE CHILDREN

By:

POLLY WILLIAMS,
PRESIDENT

Date

EXHIBIT A
TO
LEASE

LEGAL DESCRIPTION

THE LAND REFERRED TO IS SITUATED IN THE STATE OF CALIFORNIA,
COUNTY OF LOS ANGELES, AND IS DESCRIBED AS FOLLOWS:

**10631 Haas Avenue
Los Angeles, CA 90047-4337
APN 6058-016-021**

LOT 19 OF TRACT NO. 13235, THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 296, PAGE(S) 43 TO 49 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL CRUDE OIL, PETROLEUM, GAS BREAS, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND BUT WITHOUT THE RIGHT OF SURFACE ENTRY THEREON AS PREVIOUSLY RESERVED BY JOHN G. FASO AND ARMINTA C. FASO, HIS WIFE IN DEED RECORDED SEPTEMBER 8, 1959 IN BOOK D-595 PAGE 383, OFFICIAL RECORDS.

EXHIBIT B
TO
LEASE

PRELIMINARY TITLE REPORT

EXHIBIT C
TO
LEASE

MAINTENANCE AGREEMENT

MAINTENANCE AGREEMENT

THIS MAINTENANCE AGREEMENT ("Agreement") is hereby entered into by and between the United Friends of the Children, a California non-profit corporation ("Lessee") and THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Lessor"), as of the ____ day of _____, 2003.

RECITALS

A. The Lessor and the Lessee have entered into a Lease Agreement ("Lease Agreement") on _____ 2003, for the leasing of a low-income housing development located on certain real property ("Site") located at 10631 Haas Avenue in the Athens community of unincorporated Los Angeles County which is more particularly described on Exhibit "A," attached hereto and made a part hereof. The Lease Agreement requires that Lessee shall maintain the Improvements to the curblin and the landscaping on the Site in accordance with this Maintenance Agreement.

B. The Lessor and the Lessee desire to set forth herein their respective rights and obligations and the maintenance standards (including without limitation the definition of "Commission Standards") concerning the maintenance of all the Improvements, public and private, onsite and offsite in the public right-of-way to the back of the curblin(s) abutting the boundary of the Site ("Improvements to the curblin" hereafter).

NOW, THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

I. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to set forth general maintenance standards and obligations of Lessee in its maintenance of the private and public Improvements on and within the Site to the back of the curblin.

II. PARTIES TO THE AGREEMENT

The Community Development Commission of the County of Los Angeles is a public body corporate and politic of the State of California. The "Lessor" as used in this Agreement includes the Community Development Commission of the County of Los Angeles and any assignee of or successor to its rights, powers, and responsibilities. The "Lessee" as used in this Agreement is the United Friends of the Children, which is duly operating and doing business under the laws of the State of California.

III. REPRESENTATIVES OF THE PARTIES AND SERVICES OF NOTICES

The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

Lessor: Taufiq K. "Syed" Rushdy, Director of Housing Development and Preservation
Community Development Commission of
the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

Lessee: Polly Williams, President
The United Friends of the Children
1055 Wilshire Blvd., Suite 1955
Los Angeles, CA 90017

Formal notices, demands and communications to be given hereunder by any party shall be made in writing and may be effected by personal delivery, telecopy, overnight delivery service or by registered or certified mail, postage prepaid, return receipt requested. Notices which are properly mailed shall be deemed communicated as of 5:00 p.m. three (3) days after the date of mailing.

If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accordance with this section, within five (5) working days of said change.

IV. PERFORMANCE OF MAINTENANCE

A. Lessee shall maintain or cause to be maintained, for the term of the Lease Agreement, in accordance with Commission Standards, as hereinafter defined, the private Improvements, public Improvements and landscaping to the curblin(e)s on and abutting the Site. Said Improvements shall include, but not be limited to, buildings, sidewalks and other paved areas, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other Improvements on the Site and in the public right-of-way to the nearest curblin(e)s abutting the Site.

B. To accomplish the maintenance, Lessee shall either staff or contract licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement.

C. Commission Standards: The following standards ("Commission Standards") shall be complied with by Lessee and its maintenance staff, contractors or subcontractors:

1. Ordinary Maintenance Standards - The Lessee shall maintain the dwelling units and Site in good repair, order and condition at all times in order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, and that the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. The Lessee shall perform any repairs or replacements necessary in order to maintain the Site in accordance with the Ordinary Maintenance Standards, set forth on Attachment C-1 and incorporated herein by this reference.
2. Annual Inspection Standards - The Lessee shall annually inspect the Site in accordance with the Annual Inspection Standards, set forth on Attachment C-2 and incorporated herein by this reference. The completed annual inspection will be documented and reported to the Lessor on an annual basis, and at the end of each year the Lessee shall submit to the Lessor a declaration certifying that the annual inspection, as set forth in Attachment C-2, was performed at the Site. The Lessee shall retain records of the inspection and make them available for review by the Lessor at the request of the Lessor.
3. Preventative Maintenance Standards - The Lessee shall annually inspect the Site in accordance with the Preventative Maintenance Standards, set forth on Attachment C-3 and incorporated herein by this reference. The completed preventative maintenance work will be documented and reported to the Lessor on an annual basis, and at the end of each year the Lessee shall submit to the Lessor a declaration certifying that the preventative maintenance, as set forth in Attachment C-3, was performed at the Site. The Lessee shall retain records of the inspection and make them available for review by the Lessor at the request of the Lessor.
4. Extraordinary Maintenance - The Lessor shall perform any extraordinary repairs or replacements necessary in order to maintain the Site, including extraordinary replacement of equipment, betterment, and additions, except to the extent that these result from or are necessitated by the negligence of or neglect of the Lessee. Extraordinary repairs or replacement consists of major repairs and rehabilitation involving substantial expenditures which usually are needed only at relatively long intervals of time. Such items as replacement of roofs, replacement of corroded gas and heating lines, and rehabilitation of landscaping (ground-cover) would be considered in this category, except to the extent that these result from or are necessitated by the negligence of or neglect of the Lessee.

D. The Lessor may enter and inspect the Premises at any time after notifying the Lessee 72 hours prior to the planned inspection, and said notice shall be

delivered to the Lessee at the address indicated in paragraph III above.

V. FAILURE TO MAINTAIN IMPROVEMENTS

In the event Lessee does not maintain the Site Improvements to the curblin(e) in the manner set forth herein and in accordance with Commission Standards, Lessor shall have the right to maintain such private and/or public Improvements, or to contract for the correction of such deficiencies, after written notice to Lessee. However, prior to taking any such action, Lessor agrees to notify Lessee in writing if the condition of said Improvements does not meet with Commission Standards and to specify the deficiencies and the actions required to be taken by Lessee to cure the deficiencies. Upon notification of any maintenance deficiency, Lessee shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states the problem is urgent relating to public health and safety, then Lessee shall have forty-eight (48) hours to rectify the problem.

In the event Lessee fails to correct, remedy, or cure such maintenance deficiency after notification and after the period of correction has lapsed, then Lessor shall have the right to maintain such Improvements. Lessee agrees to pay Lessor such maintenance charges and costs incurred during the term of the Lease Agreement. Until so paid, Lessor shall have a lien on the Site for the amount of such maintenance charges or costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Upon recordation of a Notice of a Claim of Lien against the Site, such lien shall constitute a lien on the Leasehold interest in and to the Site prior and superior to all other monetary liens except: (i) all taxes, bonds, assessments, and other levies which by law would be superior thereto; and (ii) the lien or charges of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority for any such lien for costs incurred to comply with this Agreement shall date from the date of the recordation of the Notice of Claim of Lien. Any such lien shall be subject and subordinate to any Lease or sublease of the interest of Lessee in the Site or any portion thereof and to any easement affecting the Site or any portion thereof entered into at any time (either before or after) the date of recordation of such a Notice. Any lien in favor of Lessor created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien describing such lien as aforesaid, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgage or beneficiary thereunder expressly subordinates his interest, or record, to such lien. No lien in favor of the Lessor created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any Lease, sublease or easement unless such instrument is expressly subordinated to such lien. Upon foreclosure of any mortgage or deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Site free of any lien imposed herein by the Lessor that has accrued up to the time of the foreclosure sale, and upon taking title to the Site, such foreclosure-purchaser shall only be obligated to pay costs associated with this Agreement accruing

after the foreclosure-purchaser acquires title to the Site. If the Site is ever legally divided with the written approval of the Lessor and fee title to various portions of the Site is held under separate Lesseeships, then the burdens of the maintenance obligations set forth herein and in the Agreement and the charges levied by the Lessor to reimburse the Lessor for the cost of undertaking such maintenance obligations of Lessee and its successors and the lien for such charges shall be apportioned among the fee Lessees of the various portions of the Site under different Lesseeships proportionate to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate Lessee of a portion of the Site shall have any liability for the apportioned liabilities of any other separate Lessee of another portion of the Site, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Site owned in fee by the Lessee who is liable for the apportioned lien and against no other portion of the Site. Lessee acknowledges and agrees Lessor may also pursue any and all other remedies available in law or equity. Lessee shall be liable for any and all attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

VI. COMPLIANCE WITH LAW

Lessee shall comply with all local, state and federal laws relating to the uses of or condition of the Site private Improvements and public Improvements to the curblin(e)s. As specified in the above, Lessee can terminate this Lease under Sections 3.1 and 6.1. Local laws for the purposes of this section shall include only those ordinances that are nondiscriminatory in nature and applicable to the public welfare, health, safety and aesthetics. If any new local laws relating to the uses of or condition of the Improvements create a condition or situation that constitutes a lawful nonconforming use as defined by local ordinance with respect to the Site or any portion thereof, then so long as the lawful nonconforming use status remains in effect (i.e., until such lawful status is properly terminated by amortization as provided for in the new local law or otherwise), Lessee shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

VII. WAIVER

Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The aggrieved party shall give written notice of the default to the party in default as set forth in paragraph III hereof. If the defaulting party within a reasonable time commences to cure, correct, or remedy such default, and shall complete such cure, correction or remedy with reasonable and due diligence, within a thirty (30) day period or such longer period as reasonably determined by the Lessor if the default cannot be cured within thirty (30) days, then the defaulting party shall no longer be in default.

The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies Lessor or Lessee may have at law or at equity.

VIII. MODIFICATION

This Agreement may be modified only by subsequent mutual written agreement executed by Lessee and Lessor.

IX. ATTORNEY'S FEES

In the event of litigation arising out of any breach of this Agreement, the prevailing party shall be entitled to recover reasonable costs and attorney's fees.

Lessee

By: _____
Polly Williams, President
United Friends of the Children

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS
ANGELES

COMMISSION STANDARDS

Attachment C-1
ORDINARY MAINTENANCE AND REPAIRS

Ordinary maintenance is the routine work of keeping the buildings, grounds, and equipment in such condition that they may be utilized continually at their original or designed capacities and efficiencies for their intended purposes. Minor repair is the restoration of the facility to a condition substantially equivalent to its original capacity. Minor replacement is the substitution of component parts of equipment to extend its useful life.

In order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. "Grounds" includes lawns, roads, walks and other paved areas, trees and plants, fences, play areas, drainage facilities, etc. "Buildings" includes roofs, attic spaces, gutters and downspouts, walls, porches, foundations, crawl spaces, windows, floors, doors, etc. "Equipment" covers all items such as utility lines and piping, heating and plumbing equipment, pumps and tanks, ranges and refrigerators, tools, etc.

Set forth below are the standards for the degree of maintenance, repair and cleaning necessary to qualify as "safe, decent and sanitary". The Standards describe the minimum level of cosmetic repair and degree of cleanliness necessary to effectively market the dwelling units and to satisfy the needs of prospective residents. In brief, rental units are to be free of all defects (as described herein) and have an appealing and desirable appearance.

EXTERIOR PROPERTY AREAS

A. Sanitation. Yards shall be clean and sanitary. All rubbish, garbage, trash, litter, debris, and abandoned personal property are to be removed from the grass, walks, steps, parking areas, and other grounds, as well as the roofs, gutters and window wells.

B. Lawn Maintenance. Grounds shall be examined for proper drainage and, if necessary, graded to prevent the accumulation of stagnant water and to prevent water from seeping into building structures. All soil areas shall be sodded or seeded, as necessary, to prevent erosion, except garden areas at scattered sites. Weeds, saplings and uncut grass along the foundations of the house and garage, the fences, the walks, the parking areas, the sidewalk expansion joints and the window wells are to be removed. All grounds are to be free of noxious weeds. Bushes, hedges and trees are to be trimmed, if necessary. Grass shall be cut as

often as necessary so that it does not exceed five (5) inches in height. The yard will be raked, as necessary.

C. Walks and Steps. Cracks and Breakage. All front walks, sidewalks, rear walks, steps, driveways and parking pads shall be maintained in such a manner that there are no cracks or heaves large enough to create a safety hazard. Remove chipped and loose pieces of concrete and asphalt, as needed. Remove all graffiti.

EXTERIOR STRUCTURES -- DWELLING AND GARAGE

D. Foundation, Walls, and Roof. All exterior surfaces shall be maintained in good repair. They shall be free of holes, significant cracks, breaks and loose materials to provide a sufficient covering for the underlying structural surface and prevent any moisture from entering the dwelling. If the protective surface is paint, and if more than 25% of the area is blistered, cracked, flaked, scaled, or chalked away, it shall be repainted, weather permitting. All dirt, unsightly stains and graffiti are to be removed. Prime doors shall open and close smoothly. Each prime door shall have a properly working dead bolt lock with a newly changed cylinder.

E. Screens. Every window shall have a screen which fits tightly and securely to the frame. Each screen shall be free of holes large enough for insects to penetrate or tears longer than 1".

F. Gutters and Downspouts. If the structure has gutters and downspouts, they are to be secured to the structure and free of leaves and other debris.

G. Garage. Overhead and service doors are to open and close smoothly and lock. Remove all loose contents from the interior. Wipe up surface oil drippings and spills. Broom sweep the floor.

H. Faucets. Faucets and handles shall work properly.

I. Miscellaneous. Mailboxes, guardrails, railings, exterior lights, fences and clothes line poles shall be properly anchored. Doorbells shall operate properly.

J. Wall Graffiti. Wall graffiti and other unsightly markings on exterior walls are to be removed daily. If the graffiti is offensive in nature (profanity, gang slogans, etc.) it will be removed immediately. Those deficiencies that are discovered during the winter that require warm weather to properly correct are to be noted for summer repair.

INTERIOR PROPERTY AREAS

K. Walls and Ceilings. All holes over one inch in diameter are to be filled. All cracks are to be filled or taped and plastered. All holes of one inch in diameter or

less are to be filled if they are present in sufficient number to give the surface an undesirable appearance. All patches are to be sanded smooth. All wet plaster shall be neatly primed. In cases of extensive repair, the entire wall shall be primed.

L. Doors, Hardware, Room Trim, and Handrails. All surfaces shall be clean and free of splashed or spilled paint. Doors shall open, close and latch smoothly and properly. Door stops shall be installed for each door and be clean and intact. Handrails shall be secure.

M. Floors, Stairs, Baseboards, and Corners. Remove all rubbish, garbage, trash, litter, debris and abandoned personal property. All surfaces shall be swept or vacuumed. Carpet, if installed, shall be vacuumed, and, if it smells badly, has paint spills, or is dirty or stained, shall be shampooed.

N. Window Areas. Tracks shall be free from dust, dirt and debris and lubricated so that windows slide smoothly and close tightly. Frames and sills shall be free of dust, dirt and mold. Curtain rods are to be securely installed over each window opening unless drapery rods are already in place. New, or "like new", window shades are to be installed over each bedroom window and non-opaque bathroom window. Dispose of and replace drapes and curtains in poor condition or that are dirty. Window panes shall be intact, i.e., without holes, chips, missing pieces or cracks, except for short corner cracks. Reputty the windows, if necessary. Window locks and other hardware shall function properly.

O. Electrical Fixtures, Outlets, Switch Plates, and Outlet Plates. Each light fixture socket shall have a working light bulb. Each light fixture in the living areas shall have a clean globe, lens or shade. Test each switch, socket, and outlet and repair, if necessary. Light switch cover plates and electrical outlet cover plates shall be clean, i.e., free of dirt, grease, grime and paint, and shall be in good condition and intact, i.e., free of chips and cracks.

P. Plumbing Fixtures.

i. Faucets shall have adequate water flow. Handles shall turn "on" and "off" easily and smoothly. Faucets shall not leak when "on" or "off". Each faucet shall have a properly installed and functioning aerator, if so designed.

ii. Drains shall be tested by a 30 second luke warm water run to assure no leakage. Water shall empty from the sinks and tubs quickly. The drain pipe shall look and feel dry. Each drain shall have a stopper or a basket.

iii. Sinks and tubs shall be free of surface cracks or chips over one inch in length.

iv. Toilets shall operate properly. Toilet seats and covers shall be in "like new" condition with no surface finish loss whatsoever.

v. Other plumbing and related fixtures, such as kitchen sprayers, shower doors, and water main shutoffs shall work properly.

Q. Cabinets. Kitchen, medicine and other storage cabinets doors and drawers shall open and close freely. The attendant hardware shall be clean, secure, and operate properly.

R. Stoves. All parts shall work properly. The exhaust fan filter shall be changed or washed, if applicable. Each oven shall have an appliance bulb, broiler drip pan and cover and two oven racks.

S. Heat Vents, Grilles, and Cold Air Return Grates. There shall be no broken or bent grille work. Grilles and grates shall be kept free of dirt, dust, grime and debris.

T. Thermostat and Smoke Detector. The thermostat and smoke detector shall be clean, intact, free of paint and tested to operate properly.

U. Basement. The ceiling, window openings, walls, pipes, ductwork, furnace and water heater are to be free of dirt, grease, spider webs and cobwebs. The floor shall be broom swept clean of loose dirt and litter. Windows and laundry tubs shall be washed if dirty. Laundry plumbing shall operate properly. Any basement bathroom interior and fixtures shall be kept clean. The furnace and water heater shall be tested to work properly, and furnace filter replaced as needed. Cap and close valve on unused gas lines. Seal dryer vent.

V. Attic. Accessible attics shall be free of litter.

W. Common Areas. The common areas and the entrances shall be inspected, repaired, and cleaned as necessary.

X. Pest Control. The Site shall be free of all insect vermin. Remove all insect and vermin. Inspect for other vermin and exterminate, if necessary.

**COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES
COMMISSION STANDARDS**

Attachment C-2
ANNUAL INSPECTION STANDARDS

In order to ensure that all units are maintained in a safe, sanitary, decent condition, the Lessee shall conduct a planned annual physical inspection of each dwelling unit, every building, and all other facilities with a record of any item requiring repair or replacement. This will include such items as plaster repairs, painting, termite inspection, roof deterioration, overloading of electric circuits, corrosion control, floors, windows and screens, ranges, refrigerators, fixtures and equipment. The inspection shall be made to the following standard:

DWELLING UNIT -

FLOORS (CARPET): Clean; no tears; no readily noticed marks or stains.

FLOORS (VINYL TILE): Clean; unbroken; no cracks; no unmatched tiles.

WALLS (PAINTED): Clean; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

WALLS (CERAMIC TILE): Tiles in place, secure, uncracked, unmarked (and free of paint); grout intact, uncracked, clean; covering at floor intact, clean.

CEILINGS (SPACKLED): Clean, consistent texture; no marks; no surface breaks.

WINDOWS: Clean; glass unbroken, uncracked; frames secure; latches secure and easily operated; movable parts operate smoothly and easily; screens in place, untorn, movable parts operate smoothly and easily; weather-stripping intact and secure.

DRAPES: In place; clean, uniform appearance; no holes, tears; operating mechanism in place, opens/closes smoothly and easily.

DOORS: Door and jambs intact and secure; surface unbroken and with uniform, finished appearance; hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

CLOSET FIXTURES: Rods, shelves in place, clean, unbroken and unmarked.

ELECTRIC RECEPTACLES AND WALL SWITCHES: Fixtures and cover plates intact and unbroken; 110 volt service available; surfaces clean with no evidence of burns on

the cover plates. Bathroom and kitchen receptacles protected by Ground Fault Interrupters.

LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

HEATING, AIR COOLING EQUIPMENT: Thermostat operating properly (room temperature within 5 degrees of setting); heating zone valve leak-free; base-board heating fixtures intact, clean.

VENTILATION FANS/HOODS: Fans and lights operable without excessive noise or vibration; filters in place, intact and clean.

KITCHEN CABINETS: Doors, drawers, shelves and hardware in place, clean, intact; surfaces of smooth, unbroken, uniform appearance; all movable parts operate smoothly and easily.

KITCHEN COUNTERTOPS: Surface smooth, unbroken, unmarked, uniform color.

KITCHEN RANGE: External and internal surfaces intact and clean (including under top cover); controls function smoothly and easily, surface burners, bake and broil elements ignite and maintain design performance; doors and drawers operate smoothly and easily.

GARBAGE DISPOSAL: Clean, intact, working properly without excessive noise; splashguard in place, intact, firm.

SINKS: Faucets operate providing a sufficient flow of water (2 to 3 gallons/minute) and shut off free of drips; no evidence of water leakage on top of sink or at drain under sink; drains flow freely with no backup with faucets open fully; sink surface clean, unbroken with no marks or discoloration.

BATHTUB/SHOWER: Faucets operate providing a sufficient flow of water (3 to 5 gallons/minute) and shut off free of drips; drains flow freely with no backup with faucets open fully; tub surface clean, unbroken with no marks or discoloration; grout intact, clean and unbroken; hot water temperature between 105 and 120 degrees (110 degrees at the tap recommended).

MEDICINE CABINET: In place, intact, mounted securely; surface unbroken; mirror intact, clean, uncracked; shelves in place, clean, intact; door intact, operates smoothly and easily, closes securely.

BATHROOM SINK COUNTERTOP: Clean, intact; surfaces of smooth, unbroken, uniform appearance.

BATHROOM TOWEL BARS, GRAB BARS, SOAP DISH AND TOILET PAPER HOLDER: In place, clean, intact and secure.

TOILET: Intact, mounted securely; no evidence of leakage at the wax ring; no evidence of softness or spring in the toilet base; flushed properly draining all solid waste; after flush, tank refills quickly (20 to 30 seconds); no water leakage into the tank or into the bowl at completion of the flush cycle; seat secure, with clean unbroken surface.

PESTS, VERMIN: No evidence of presence/infestation.

SMOKE DETECTORS: Operate when tested with approved smoke-tester.

SAFETY EQUIPMENT: Fire extinguishers inspected and adequately charged.

INTERCOM AND REMOTE DOOR OPENER: Audible transmission and effective door latch operation.

COMMON AREAS, GROUNDS AND STRUCTURES -

LOBBY AND HALLWAY FLOORS (CARPET): Free of obstruction and litter; clean; no tears, marks, stains; carpet seams secure.

LOBBY AND HALLWAY FLOORS (VINYL TILE): Free of obstruction and litter; clean; unbroken; no cracks; no unmatched tiles.

WALLS AND CEILINGS (PAINTED): Clean; free of defacing; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

INTERIOR AND EXTERIOR LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

DOORS: Door and frames intact and secure; surface unbroken and with uniform, finished appearance (free of defacing); hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

MAILBOXES: Clean; clearly labeled; individual boxes secure.

FIRE EXITS: Doors and exits smoothly and easily operable; signs clearly marked, visible, secure and intact.

UNIT ENTRANCES: Unit number clearly identified; doors secure (see Unit Inspection Form).

TRASH ROOMS, MAINTENANCE SHOP AND STOREROOM AND UTILITY ROOMS: Clean, free of odors; doors in place and secure; stored items orderly.

FIRE ALARM SYSTEMS: Inspected by safety inspectors within specified frequency.

FIRE EXTINGUISHERS: In place; filled; inspected with specified frequency.

ELEVATORS: Odor-free; floors and walls of cab clean, free of defacing, smooth, unbroken surface (no holes), no marks; doors working properly; floor buttons working properly; floor number clearly marked and visible in each hallway at the elevator exit; ventilation fan operating quietly; emergency call system functioning as designed; equipment inspected and maintenance work performed on contract schedule.

DRIVEWAYS AND PARKING LOTS: Clean; litter and graffiti-free; free of obstructions (especially abandoned or inoperable vehicles); surface unbroken, free of oil stains; painted stripes clearly visible; disabled parking signs clearly visible.

GROUND AND STRUCTURES

SIDEWALKS AND STAIRWELLS: Clean; litter and graffiti-free; free of obstructions; smooth, unbroken surface (free of tripping hazards).

UTILITY METERS: Intact, covers secure.

TRASH AREAS: Free of debris; containers and covers secure, free of graffiti, in good repair.

ROOFS: Surface unbroken; no sign of puddling; free of litter, foreign objects; flashing intact and sealed; stacks and vents free of obstruction; gutters and downspouts clean, clear and secure.

LAWNS: Grass trimmed to no more than five (3) inches high; litter-free; borders edged; weed-free; no bare spots.

TREES AND SHRUBS: Trimmed and pruned in season; no obstruction of walkways or overhang.

COMMUNITY DEVELOPMENT COMMISSION OF THE
COUNTY OF LOS ANGELES
COMMISSION STANDARDS

Attachment C-3
PREVENTATIVE MAINTENANCE STANDARDS

Preventative maintenance based on regular methodical inspections is the action taken to avoid or minimize the need for more costly measures at some future time. It is performed prior to actual breakdown thereby preventing costly replacements and, in the case of operating equipment, lengthy shutdown. Effective preventative maintenance reduces long-range operating costs and lessens the necessity for major restorations and Improvements. Preventative maintenance shall include, but is not limited to, the following, and shall include all other items affecting the health and safety of the Lessees.

Scheduled checking, adjusting, cleaning, and lubricating heating equipment.

Termite and vermin inspection and elimination.

Periodic interior and exterior painting.

Inspecting and patching roofs, gutters, downspouts, and flashing.

Inspecting underground facilities for corrosion and control thereof.

Inspecting for condensation, dampness, and fungus in wood and for rust in iron components and taking appropriate corrective measures.

Patching paved surfaces and seal coating, as needed.

Correcting erosion and drainage deficiencies.

Fertilizing and cultivating planted areas.

Installing protective barriers, where needed, for planted areas and trees.

Checking fire safety equipment for operable use.

Caulking around bathtubs, tiles, countertops, windows, and doors to avoid water damage.

The devisement, administration and implementation of the preventative maintenance program will be the responsibility of the Lessee and shall be performed on the following schedule or a schedule approved by the Lessor prior to implementation:

- | | | | |
|-----|--|----------|---------|
| 1. | Annual Dwelling Inspections and Corrections | 1 year | |
| 2. | Heating Furnace Services: | | |
| | Minor Inspections and Services | 3 months | |
| | Major Inspections and Services | 2 years | |
| 3. | Fire Extinguisher and Alarm Inspections and Services | 1 month | |
| 4. | Range Hood and Motor Inspections and Services | 1 year | |
| 5. | Project Site Inspections and Corrections | 1 year | |
| 6. | Roofing Inspections and Corrections | 1 year | |
| 7. | Project Fencing Inspection | 1 year | |
| 8. | Security Lighting Inspections and Services | 1 year | |
| 9. | Trees and Shrubbery Inspections and Corrections | 1 year | |
| 10. | Water Heater Inspections and Services | 1 year | |
| 11. | Street Pavement Inspections and Corrections | 1 year | |
| 12. | Weather Stripping and Caulking | 1 year | |
| 13. | Interior Painting of Units | 4 years | |
| 14. | Inspect Exterior Painting of Units: | | |
| | <i>Wood siding and trim</i> | | 3 years |
| | Brick walls, stucco walls and steel sash | 5 years | |

EXHIBIT D
TO
LEASE

Federal Lobbyist Certification

FEDERAL LOBBYIST REQUIREMENTS CERTIFICATION

Name of Firm: United Friends of the Children

Address: 1055 Wilshire Blvd., Suite 1955 Los Angeles

State: CA Zip Code: 90017 Telephone Number: (213) 580-1840

Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the U. S. Department of Housing and Urban Development and the Community Development Commission, County of Los Angeles.

1) No Federal appropriated funds have been paid by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of and Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;

2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions, and;

3) The above name firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreement) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

AUTHORIZED OFFICIAL

By:

(Contractor/Subcontractor)

(Signature)

(Date)

(Title)